



COVID-19 Pandemic Recovery Plan for the Private Sector

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Preface

As has been the case in many countries, the private sector in Botswana, made up of nearly 19,000 businesses, has experienced the full impact of the COVID-19 crisis. UNDP is therefore proud to support the private sector, represented by Business Botswana, to develop this recovery plan. The plan is informed by one overall guiding objective: to ***Build Back Better, with the private sector acting as its own driving force***. This will see us embark on a new way of doing business in Botswana, developing away from what was in place before the global economic crisis and forging a new path.

We need to see a ***resilient*** private sector which is better guarded against future shocks. Accordingly, this plan foresees a number of transformations in the private sector to help us achieve that goal. These include: (1) A more ***inclusive private sector***, with particular emphasis on the participation of youth and women, (2) An economy with ***technology, in particular digital technologies***, as its backbone, as part of the fourth industrial revolution, (3) ***A diversified economy***, with strengthening local value and supply chains (4) A ***greener economy***, capitalising on opportunities to recycle and to utilise renewable energy, (5) A ***commercially independent agriculture sector*** capable of self-reliance.

These guiding principles and transformations shape this plan which would set Botswana on the path to a high-performance economy, as foreseen by the Minister of Finance and Economic Development in the 2020 national budget. The essential features of the plan include high productivity, global competitiveness and exports of value-added goods. It suggests that for Botswana to achieve the levels of growth and economic transformation required to meaningfully and sustainably resolve the problems of poverty, unemployment and relative economic exclusion of youth and women in particular, it will have to make some major strategic strides. Women, while having equal legal access in many aspects of economic life, such as business opportunities, land ownership and finance, face many challenges in realising these rights in practice. Young people face particular challenges in gaining a foothold and entering the private sector market. The plan recognises that bold strides will have to be taken to transform sectors such as manufacturing, tourism, agriculture and commerce, while also opening new drivers of growth. It also presents bold reform opportunities, such as building a truly fit-for purpose public service, accelerating digitisation and reassessing national priorities.

COVID-19 has highlighted how vulnerable the economy is, and as such, has exposed the inadequacies of social protection systems for economic actors, workers and employers alike. This also opens up the question as to whether it may be the right time to put in place an unemployment insurance scheme. The plan also advocates for the use of local resource-based methods (LRBMs) and technologies. In particular, it suggests that Ipelegeng and other similar programmes, use these methods in order to maximise return on the use of local resources. It also suggests means for the private sector to participate in the scheme, while maintaining its primary goal of poverty reduction.

It is an ambitious and transformative plan, but is also nonetheless, a realistic one. UNDP will continue to be a committed partner to the private sector, which is a key driver of the economy and a strategic stakeholder in the implementation of the Sustainable Development Goals.

Jacinta Barrins
UNDP Resident Representative

From the President, Business Botswana

According to the World Health Organisation (WHO), the first human case of the Corona Virus Disease of 2019 (COVID-19), which is caused by the novel coronavirus, was diagnosed in Wuhan, China, in December 2019. Within a month, what looked like a health crisis in Wuhan, China, had morphed into a rapidly deepening global economic crisis that would run ahead of a rapidly evolving pandemic. The aviation and tourism industries were the first to fall. Commodity prices followed. From then onwards, the entire world economy was set on a downward spiral. The spread of the coronavirus has been rapid. As at 02:00 GMT+2, 17 June 2020, there were 8, 061, 550 confirmed cases of COVID-19 and 440, 290 confirmed COVID-19 deaths in 216 countries and territories. No part of the world has been unscathed.

With neither a vaccine nor a cure found, COVID-19 is set to spread further within countries and cause even more economic pain. Botswana has so far avoided a full-throated hit, at least not in terms of morbidity and death. Still, the measures the country has taken to reduce the risk of the community spread of the coronavirus are costly in terms of Pulas spent and the damage to the economy. We cannot sustain them for long. We have begun to open up the economy for business and the urgent call we must all respond to is to take bold and decisive action now to avoid deep permanent damage to the economy and pivot towards a more dynamic and competitive high-performance economy.

It gives me great pleasure to introduce this Private Sector COVID-19 Recovery Plan. The plan is the private sector's idea of what it will take to not only restore the economy back to its pre COVID-19 trajectory but rather to move it towards the high-performance path the Minister of Finance spoke of in his 2020 Budget Speech. This plan is not just about what the private sector should do. It is fundamentally about a bold partnership of all stakeholders - government, business, labour and civil society - to set the economy on a high-performance path of rapid, inclusive and sustainable growth. This requires that we remove the bottlenecks on innovation, growth, productivity, some of which COVID-19 has brutally exposed.

COVID-19 has shown that we need bold, decisive, competent and ethical leadership everywhere and at all levels within the economy and society. There is a need for urgent regulatory reforms, including rescinding of the calamitous decision to allow elected and appointed public servants to do business with the government. We need to make bold and transformative reforms and investments in education and health to build muscle for innovation, productivity growth, economic transformation, citizen economic empowerment and resilience. It is no longer enough to train for technical skills. Our education system must develop workers with advanced soft skills, e.g., enterprise and initiative, critical thinking, problem solving, communication, and learning and adaptive capabilities. We must take calculated risks to transform the backbone of the economy – road and rail systems, power generation, especially green energy, and water resources. More investment is needed for youth and women entrepreneurs. We must, in line with the proposal by the Minister of Finance, reform our State-Owned Enterprises and turn them into net contributors to the economy. This plan asks Botswana to invest heavily in strategic infrastructure and turn the Francistown Special Economic Zone into a regional transport and commerce hub. Business Botswana has taken the initiative to drive the realisation of the FSEC in partnership with the Special Economic Zones Authority. It is a well-known that Botswana is uniquely positioned to be the SADC region's transport and commerce hub, linking the region's economic powerhouse, South Africa, to the rest of the region by rail and road, and diverting some of the connecting air traffic between SADC countries on the one hand and Europe, America, and Asia on the other, from Johannesburg to Francistown. The hub could transform tourism, commerce, retail, transport and manufacturing sectors

profoundly, and create tens of thousands of jobs. We need to act on this without fail and as quickly as possible.

The investments the plan seeks will require a lot of money at a time when the fiscus is at its weakest. Yet, these things must be done. We are fortunate to be a low tax jurisdiction. COVID-19 demands a sacrifice from all stakeholders in order to avail the resources necessary to save and transform the economy. The private sector calls for deeper engagements with a view to seeing how to raise money for infrastructure development. We should do more to use Public Private Partnerships (PPPs) to deliver large and complicated projects, reduce pressure on the fiscus and transfer some of the risks associated with such projects to the private sector. More should be done to attract foreign investment towards growing the economy.

The road ahead will no doubt be tough, but we will prevail so long as we appreciate the challenges, and remain united. Thus, though we call for strong action to accelerate citizen economic empowerment, we caution against over reliance on the blunt instrument of legislation. There is room for regulatory reforms to advance the course of meaningful citizen economic empowerment and to raise economy efficiency. The private sector is decidedly in favour of measures that promote joint ventures within rational bounds for foreign direct investment and those that build the capacity of citizen entrepreneurs and citizen firms. We further urge our leaders, in government and in the private sector, especially the political leadership, to set a unifying tone on the economy. The message must remain “***Botswana is Open for Business***”. We need broad partnership to save and develop our economy, and create jobs and wealth for Botswana.

Let us all put our hands on the deck.

Gobusamang Keebine
President, Business Botswana

From the Chief Executive Officer of Business Botswana

The secretariat of Business Botswana is elated to welcome the Private Sector COVID-19 Economic Recovery plan. We are inspired by the bold proposals for transformation contained in the plan and the spirit of partnership that permeates it. The partnership ethos reflects one of the abiding lessons from COVID-19, namely, that in times of crisis, nations need strong government capacity. Across the world, it is capable governments that have led, and are leading, the charge to save businesses, economies, jobs and livelihoods from COVID-19. The Botswana Private Sector COVID-19 Recovery Plan recognises that many of the things that need to be done to ensure a speedy, effective recovery from COVID-19 and pivot to a high-performance economy will require government leadership and investment. It just is the nature of public goods. Even so, the private sector must lead. The time for a private sector that is over-dependent on the government is no more. Even more critical, the private sector must now realise that its role is not just about profit, that development is not incidental to profit but rather is necessary for profit.

As the President observes in his note, COVID-19 has ruthlessly exposed the vulnerabilities of our economy and society. We do not produce enough food to feed the nation. We do not manufacture enough of what Batswana need in their households, or what firms themselves need to produce goods and services. We do not add value to our raw materials. We should organise ourselves better as the private sector to lead the nation in addressing these. It is our citizenship responsibility to do so. Part of the organisational challenge for business is strengthening our collective capacity to measure and monitor our performance and the environment in which we do business and to gather market intelligence. The other is for firms to take active interest in developing local supply capacity and integrating local suppliers, especially SMEs, into their Supply Chain Management systems. The Business Botswana secretariat will move with speed and decisiveness to help the private sector to organise itself better to meet these challenges. With your support, and the support of the development community, we will mobilise the resources necessary to develop decent data capabilities at the secretariat to allow us to better monitor the performance of the business sector and the evolution of the business environment in order to better inform consultative processes such as those of the High-Level Consultative Council (HLCC) and biennial National Business Conference and guide reforms.

We will develop and implement programmes and projects to ensure that the private sector leads in addressing many of the priority areas identified in the plan. It is our duty as the private sector to lead on skills development to meet our growth and competitiveness needs. We must lead on technological and competitiveness upgrading, investment in the identification, nurturing and development of young entrepreneurial talent, the integration of SMEs into the supply chain management strategies of large firms, helping even the odds to ensure that women entrepreneurs enter and compete in traditionally male dominated businesses, and in directing corporate social investment towards impact investments such as impact incubators. It is primarily our responsibility, not the government's, to mobilise joint venture partnerships to deliver mega projects. It is our duty to address our own capacity development needs. As we ask the government to take risks such as those associated with developing a regional transport, logistics and commerce hub, we must proactively prepare ourselves to seize the opportunities the investment will create and make it a success for all stakeholders, especially citizen businesses and workers.

For this plan to succeed, the structures through which it is implemented must enjoy the commitment of both the private sector and the government. Furthermore, there must be seamless coordination between the plan's implementation structures and established platforms for public-private sector engagement such as the Sectoral Level Consultative Council (SLCC) and the HLCC itself. We should not forget the Local Level Consultative Councils (LLCC) where Business Councils can engage with Local Authorities. The

secretariat should also have the resources to manage this ambitious plan. We count on the membership of Business Botswana, the government and the development community to support this implementation of the plan materially and technically.

Let us make it happen.

Norman Moleele

Chief Executive Officer, Business Botswana

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Acronyms

BDC	Botswana Development Corporation	LIMID	Livestock Management and Infrastructure Development
BIH	Botswana Innovation Hub	LRBM	Local Resource Based Methods
BMTHS	Botswana Multitopic Household Survey	MFED	Ministry of Finance and Economic Development
BoB	Bank of Botswana	MITI	Ministry of Investment, Trade and Industry
BOHOCO	Botswana Horticultural Council	MTDMS	Medium-Term Debt Management Strategy
BTC	Botswana Telecommunications Corporation	NAPRO	National Agro-processing Plant
BURS	Botswana Unified Revenue Service	NDB	National Development Bank
CEDA	Citizen Entrepreneurial Development Agency	NDP 11	National Development Plan 11
CEE	Citizen Economic Empowerment	ORBS	Online Business Registration System
CEER	Census of Enterprises and Establishments Report	OSH	Occupational Safety and Health
CEMAEF	Citizen Entrepreneur Mortgage Assistance Equity Fund	PPP	Public – Private Partnerships
COVID-19	Coronavirus Disease of 2019	ROLI	Rule of Law Index
CPI	Corruption Perception Index	SARS	Severe Acute Respiratory Syndrome
EFI	Economic Freedom Index	SDGs	Sustainable Development Goals
FDI	Foreign Direct Investment	SDG	Supplier Development Programme
GCI	Global Competitiveness Index	SEZ	Special Economic Zone
GDP	Gross Domestic Product	SHE	Safety, Health and Environment
HCI	Human Capital Index	SMEs	Small and Medium-sized Enterprises
HDR	Human Development Report	SMMEs	Small, Medium and Macro Enterprises
HDI	Human Development Index	SOEs	State Owned Enterprises
ICT	Information and Communications Technology	SOPE	State of Public Emergency
IEC	Information, Education, and Communication	SPI	Social Progress Index
ILO	International Labour Organization	STEM	Science, Technology, Education and Mathematics
ISPAAD	Integrated Support Programme for Arable Agriculture Development	UNDP	United Nations Development Programme
LED	Local Economic Development	VAT	Value Added Tax
LIBOR	London Interbank Offered Rate	VGFP	Vulnerable Groups Feeding Programme
		WHO	World Health Organisation

Executive Summary

Already before the global economic crisis, caused by the pandemic COVID-19 reached Botswana, the economy suffered sluggish growth, high unemployment, poverty and inequality. The Botswanan economy was largely driven by a strong government, bolstered from resources gained from the mining industry. The government accounted for about 13% of GDP over the past two decades. While economic diversification has been on the agenda for decades, it has yet to fully materialise. The private sector, to a large degree relying on government, and characterised by a considerable number of state-owned enterprises (SOEs) that in some cases hold monopoly power, is marred by low productivity and competitiveness. Nevertheless, Botswana has a sizeable private sector with nearly 19,000 businesses operating.

COVID-19 is likely to produce devastating economic effects in Botswana, with a projected GDP loss of 10 to 15%. The global commodity prices dropped significantly, which will result in considerable revenue shortfalls for the government. Many other sectors were affected by disruptions of global supply chains, given that a substantial degree of inputs is imported. The three-week lockdown in April 2020 has further harmed businesses. Out of the government COVID-19 relief fund the wage subsidies were the most used instrument in the short term, helping businesses in retaining employees. In the medium term, special loans and loan guarantees will likely become instrumental.

The private sector, represented by Business Botswana, sees the COVID-19 as a pivotal moment in changing the economy fundamentally. Rather than relying fully on the government for recovery, Business Botswana intends to use the COVID-19 crisis as an opportunity to *Build Back Better* and become the proactive driving force in creating an economy that is more dynamic, divers, inclusive, ecologically friendly and resilient. The guiding principles outlined at the beginning of this recovery plan highlight these critical issues.

Putting the private sector in the driver's seat, the recovery plan highlights numerous activities and initiatives that the private sector can itself undertake or at least drive. It will require Business Botswana to proactively pursue the goals and outcomes outlined in this plan. Nevertheless, the recovery plan recognises the critical role also the government plays, in particular with regards to infrastructure development and regulatory and policy reforms to create a more enabling and equitable business environment.

The recovery plan furthermore links into many existing strategies and plans and aligns its goals to two thematic areas of the 11th National Development Plan 2011 (NDP 11), namely “Developing Diversified Sources of Economic Growth” and “Human Capital Development”. The recovery plan proposes five strategic goals, the first four of which align to the NDP 11 thematic area “Developing Diversified Sources of Economic Growth” and the fifth to “Human Capital Development”:

1. Saving firms and minimising the impacts of COVID-19 on the economy to lay the foundation for a speedy recovery
2. A globally competitive high-performance private sector to build a competitive high growth, inclusive, sustainable and resilient economy

- i. An enabling environment for the development of high-performance firms across sectors is built
 - ii. Significant Progress is made across sectors in strengthening Local Value Chains and moving up Global Value Chains across sectors.
3. Using Infrastructure and Construction to achieve Transformation and Citizen Economic Empowerment Goals
4. Efficiency Enhancing Public Sector Reforms to help fast-track recovery
5. Globally Competitive Human Capital for a Competitive Economy

Under each of the five goals is one aligned strategic objective. Only under the (likely) biggest goal, Goal 2, there are two strategic objectives; the first addressing the need for an improved and more equitable business enabling environment, and the second highlighting initiatives to strengthen local value chains across sectors. Under each strategic objective, a range of strategic initiatives are formulated with new components to existing strategies and plans, while highlighting the private sector's role.

The proposed implementation arrangements build on existing governance structures. A steering committee will be set up to guide the implementation of the recovery plan consisting of private sector, government, development partners and civil society representatives. An implementation team will be tasked with the daily coordination of the implementation of the overall recovery plan as well as those for each Business Botswana sector. A monitoring and evaluation team will support the steering committee in its oversight function.

Guiding principles for this recovery plan

The private sector, represented by Business Botswana, sees in the COVID-19 crisis an opportunity to change the Botswanan economy. This private sector recovery plan is therefore considered the steppingstone towards an economy driving by a dynamic, self-reliant private sector.

The overall guiding principle for the recovery plan is thus ***Build Back Better***. This principle encompasses all other critical principles outlined below and clearly stipulates that the private sector does not intend to return to the way of doing business before the Botswana was hit by the global COVID-19 economic crisis. The overarching goal is to create a private sector that is inclusive, more dynamic, diverse and self-reliant, greener and resilient, as well as underpinned by technological advancements.

First and foremost, building back better means that the ***private sector relies on itself as the driving force***, and proactively changes the economy, helps to create more conducive ecosystems for entrepreneurs, supports aspiring entrepreneurs and actively develops local supply chains.

Inclusiveness targets in Botswana's case in particular youth and women. While there are ample opportunities for youth and women to tap into for becoming entrepreneurs. However, the eco-system is not in their favour and does not address their needs. Inclusiveness is therefore understood as providing youth and women with the resources to unleash their entrepreneurial potential and contribute to economic growth.

Technologies, in particular digital technologies, are to become the economy's backbone as part of the fourth industrial revolution, with every sector adopting technological advancements. This will also require efforts to ensure that the present and future labour force continues learning and embraces these technological advancements.

The private sector intends to work proactively to ***diversify the economy***, strengthen local supply chains and as such become ***more dynamic***.

The private sector will furthermore proactively strive to create a ***greener economy***, looking into opportunities to recycle, using renewable energy and foster the production ecologically friendly products or services such as eco-tourism.

Even though agriculture only provides a small contribution to Botswana's Gross Domestic Product, it continues to be seen as an important pillar of the economy. However, the private sector, spanning across the retail, transportation or agro-processing sectors will collaborate to create a ***commercially driven agriculture***, supported by private service providers.

Finally, ***resilience*** is understood from two perspectives: On the one hand, by fostering a proactive, greener, more inclusive, divers and dynamic private sector, it will also be more resilient against future shocks. It however also entails to protect the workforce better from vulnerabilities stemming from economic shocks such as pandemics. As such, contributory social protection schemes are to be integrated into the economy.

1. Introduction

1.1. The first three (3) cases of the Coronavirus Disease (COVID-19) in Botswana were diagnosed on 30 March, 2020. The same day, President Mokgweetsi Masisi announced a State of Public Emergency (SOPE) and a stringent national lockdown, effective from 2 to 30 April, 2020, later extended by a further three weeks, to contain the risk of community transmission of the COVID-19 virus. Prior to that, Botswana had shut down its borders to all international travel, save for returning nationals and residents, and those transporting essential goods and services into and/or out of the country. Information, Education, and Communication (IEC) on safe COVID-19 prevention protocols had also begun. The national lockdown brought with it the recognition of the reality that COVID-19 is at once a *health crisis* and an *economic crisis*, both crises immediate, and potentially deep.

1.2. The national lockdown brought the economy to a standstill and shook it off a trajectory that only two months earlier, in February 2020, suggested a real Gross Domestic Product (GDP) growth rate of 4.4% in 2020, up from 1.6% in 2019, to a projected COVID-19 induced contraction of 10.5% (MFED, 2020). In growth terms, this represents a 14.9% reversal of fortunes for Botswana, unprecedented in post-independence Botswana. Overnight, households and firms have had to contend with the threat of severe economic ruin - loss of income, loss of jobs, and personal and corporate bankruptcies, all on a large scale. The economic impacts of COVID-19 pandemic are severe because it erodes both supply capacity and demand.

1.3. According to the World Health Organisation (WHO), COVID-19 is an acute respiratory syndrome caused by a newly discovered coronavirus, SARS-CoV-2, which was first diagnosed in Wuhan, China, in December 2019. The COVID-19 virus spreads through droplets of saliva or discharge from the nose when an infected person coughs or sneezes. Presently, there is no cure or vaccine for COVID-19. Although COVID-19 has a low case-fatality ratio, the ease of transmission of the coronavirus means that it can infect a large number of people very quickly and result in large headcounts of morbidity and death. As 3:58 PM CEST, 23 June 2020, the WHO reported 8,993,659 confirmed cases of COVID-19 and 469,587 deaths in 215 countries, areas or territories around the world.¹ COVID-19 has killed nearly half a million people in just six months. The most effective defence against the spread of the coronavirus is what has come to be known as social distancing, hence lockdowns, and a raft of personal, household, workplace and community hygiene measures.

1.4. The measures Botswana took to contain the community transmission of COVID-19 have been very effective. As at 24 June 2020, Botswana had only 89 confirmed cases of COVID-19, and only one (1) confirmed COVID-19 fatality. This means that Botswana has so far avoided a health crisis, though the threat is still high and the gain could prove fragile² as the risk of community transmission rises in the post lockdown period. Worryingly, Botswana's neighbouring countries such as South Africa have experienced increasing numbers of COVID-19³ since they relaxed their lockdowns. What is certain though, is that Botswana has not avoided a COVID-19 induced economic crisis.

1.5. According to Statistics Botswana, a decrease in global demand for diamonds due to COVID-19 is responsible for the year on year fourth quarter declines of 7.0% and 28.7% respectively in Botswana's fourth quarter carat output of diamonds, and exports of goods and service. Early estimates of a 10.5%

¹ Data retrieved on 24 June 2020 at 11:00 Central European Summer Time, (<https://covid19.who.int/>).

² Where COVID-19 literacy and discipline are low, the relaxation of the lock-down entails a high risk of the community spread of COVID-19. Individuals, households, firms and communities have to be consistent in applying COVID-19 safety protocols.

³ See <https://covid19.who.int/region/afro/country/za>

contraction of GDP appear optimistic given that countries are revising their early estimates of the output effects of COVID-19 in the direction of descent into even graver territory. For instance, South Africa has revised its estimate of GDP contraction upwards from 7.5% to 13.6%.

2. The Pre COVID-19 Economic Context

2.1. Botswana was already struggling with serious socioeconomic problems even before the outbreak of the COVID-19 pandemic. As the Figures and Tables below show, Botswana was trying to find pathways out of an economic trajectory characterised by sluggish real GDP growth (an average of 2.6% over the period 2015-19, persistent and high rates of unemployment (20.7%) and poverty (16.3% in 2015/16), deteriorating export performance and, based on the Global Competitiveness Index (GCI) and the World Bank’s Doing Business Report, low productivity and low competitiveness. Thus, though Botswana is experiencing severe and generalised economic and social pain as a result of COVID-19, the pre-COVID-19 reality was not desirable. Thus, Business Botswana desires a recovery plan that sets the private sector on a high-performance path, that of rapid and sustainable productivity and innovation driven growth, competitiveness and profitability. The business sector is not looking for a return to the pre-COVID-19 trajectory for the economy. It aims for a post COVID-19 recovery that delivers an economy that grows faster, is more dynamic, inclusive and resilient than the pre-COVID-19 economy. It is an economy that will rely on a different set of drivers for impetus. These include economy-wide efficiency gains, innovation and creativity in both the public and private sectors. To realise this economy, Botswana will have to make courageous bets to open new drivers of growth and job creation.

Table 1: Summary of Key Indicators of Botswana’s Socio-Economic Wellbeing

INDICATOR		VALUE	SOURCE
a) Aggregate Indicators of Development			
Population			
Gross Domestic Product (BWP Million) (2019)	Nominal	197,268.7	Statistics Botswana, Gross Domestic Product, Fourth Quarter of 2019
	Real (2006 Prices)	99,396.3	
GDP Per Capita (BWP) (2019)	Nominal	84,902	
	Real	42779	
Social Progress Index (2019)	Value	65.58	https://www.socialprogress.org/
	Rank	84	
Human Development Index (HDI) (2018)	Value	0.728	Human Development Report 2019
	Rank	94	
GNI Per Capita	Value (\$PPP)	15,951	
	Rank	73*(2018)	
Economic Freedom Index (2019)	Value	69.5	Heritage Foundation, www.heritage.org
	Rank	40	
Life Expectancy at Birth (Years)		69.3	Statistics Botswana
Human Capital Index		0.42 (2018)	World Development Report 2019
Poverty Headcount Rate (%)		16.3 (2015)	Botswana Multitopic Household Survey
Maternal Mortality Ratio		133.7	Statistics Botswana, MMR 2014 - 2018
Rule of Law Index (2019)	Value	0.59	The 2019 World Justice Project (WJP)
	Rank	44	
Corruption Perception Index (CPI)	Value (2019)	61	Transparency International
	Rank (2019)	34	

* Botswana has the 73rd highest GNI per capita in the world and the 94th highest HDI. The gap between the two reflects weaknesses on the health and education components of HDI.

a. The Macro-economic Environment

2.2. For four decades, the ubiquitous feature of Botswana’s macro-economic environment has been stability - fiscal stability, price stability, external stability and exchange rate stability. In fact, Botswana occupies the top spot in the world on the Global Competitiveness Index’s index of macroeconomic stability! Table 2 shows that prior to COVID-19, Botswana’s fiscal and debt positions were comfortably within the government’s policy range, thanks to disciplined adherence to the country’s fiscal rules. In fiscal 2019/20, the budget deficit was 3.86% of GDP, 0.14 of a percentage point below the statutory threshold of 4.0%. The total debt (external and domestic) to GDP ratio was 18.1%, well below the statutory ceiling of 40% of GDP, and is projected to be 16.80% in 2020/21. Worth noting, the government’s debt portfolio is 60 percent foreign, and mostly payable at the London Interbank Offer Rate (LIBOR), and 40 percent domestic, a position the government’s Medium-Term Debt Management Strategy (MTDMS) wants to reverse on efficiency⁴ grounds.

Table 2: Indicators of Macroeconomic Stability (2019/20)-2021*)

Year	Deficit to GDP Ratio (%)	Debt to GDP Ratio (%)	Rate of Inflation	Sovereign Credit Rating
2019/20	3.86	18.10%	2.85%	BBB+
2020/21	2.4	16.80%		

Source: Government of Botswana, Background Paper on Coronavirus

*Estimate Bank of Botswana

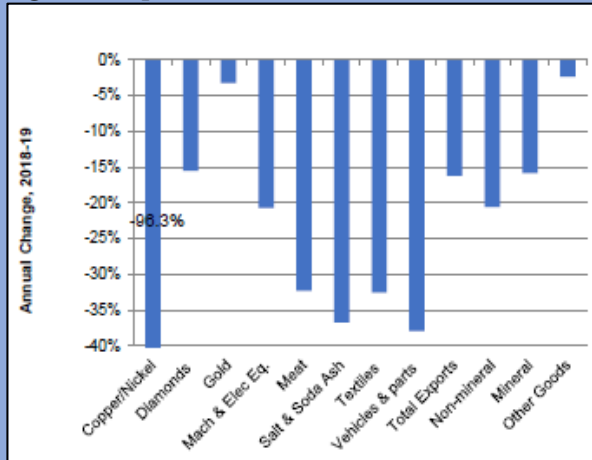
2.3. According to the Bank of Botswana Financial Statistics, Botswana recorded a trade surplus of P3.544 billion on the trade of goods and services in 2018. However, export performance dipped sharply in 2019, by 16.2 %, whilst imports rose by 9.3%⁵, resulting in a 25.5% percentage points deterioration in the balance on goods and services. As figure 1 shows, this reflects generalised poor export performance. In 2019, non-mineral commodity exports fell by 21%, from 14% growth in 2018. The worst performing export sectors were Meat, Textiles and Vehicles & Parts, which fell by 32%, 33% and 38%, respectively.⁶

⁴ Taking into account the LIBOR and the exchange rate depreciation, the Government of Botswana estimates the cost of foreign debt at 7-8% compared to a domestic bond yield of 5%.

⁵ Jeffries K., Sejo S., Mokhurutshe K. (2020): *Economic Review. First quarter January - March 2020*. Published by econsult

⁶ Jeffries K., Sejo S., Mokhurutshe K. (2020): *Economic Review. First quarter January - March 2020*. Published by econsult

Figure 1: Export Growth in 2019



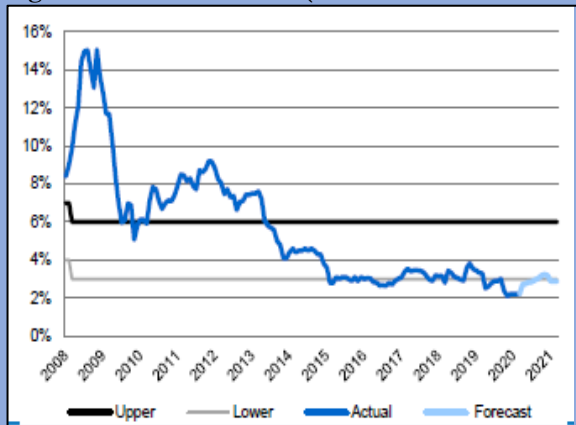
Source: Econsult Quarterly Economic Review Q1 2020

2.4. Trends in annual inflation point to extended periods of price stability. Inflation has trended downward strongly since around 2009, settling below the upper threshold of the policy range of 4-6% from 2013. Since 2015, the rate of inflation has been closer to the lower threshold of the policy range, breaching it in 2019, when it reached an average of 3.1%. In the first quarter of 2020, inflation was 2.2% in January and February.

2.5. Botswana’s pre-COVID-19 macroeconomic strengths are summed up conclusively in its foreign reserves position and sovereign credit rating. As at November 2019, Botswana had foreign reserve holdings of P70.646 billion, US\$6.514 billion and SDR4.740 billion (BFS 2020), well beyond 12 months of

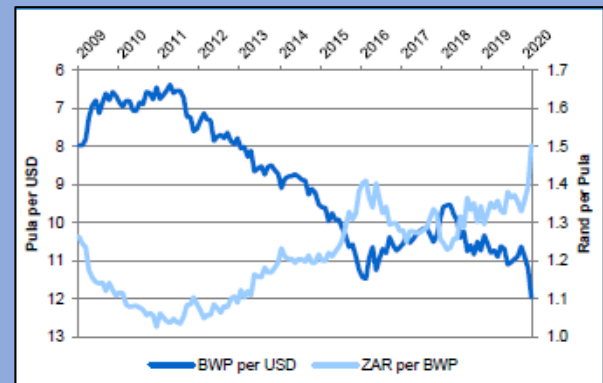
import cover. S&P Global Ratings assigned Botswana a strong BBB+ sovereign credit rating for long-term foreign and domestic currency bonds, down from “A-” in 2019 (Bank of Botswana, 2020). The country retains a “A-2” rating for short-term foreign and domestic currency bonds and a stable outlook.

Figure 2: Inflation Trends (2008-2021)



Source: Econsult Quarterly Economic Review Q1 2020

Figure 3: Pula/Dollar and Pula/Rand Exchange Rates

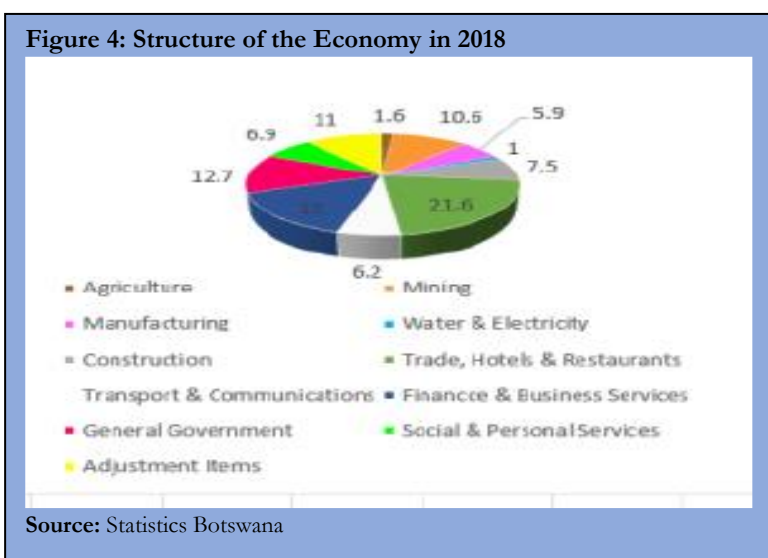


Source: Econsult Quarterly Economic Review Q1 2020

2.6. Getting the macro fundamentals right did not quite translate efficiently into the successful achievement of socio-economic goals. First, despite a stable macroeconomic environment, the economy has underperformed on growth, diversification, job creation and inequality.

b. Structure of the Economy and Output Trends – A low value-added service economy

2.7. As at end 2019, Trade, Hotels and Restaurants was the single largest sector of the Botswana economy, accounting for 21.6% of GDP. Finance and Business Services, General Government, and Mining, respectively accounting for 15%, 12.7% and 10.5% of GDP, came in at 2nd, 3rd and 4th. The mining sector's low share of GDP is not a result of successful diversification. It reflects the sector's contraction every year since 2015, save for 2018, at an annualised average rate of 6.1%. Thus, the resulting reduction in the GDP share of mining does not suggest successful diversification.



Successful diversification requires faster growth in non-mining GDP, movement up value chains across sectors, and the emergence of new industries.

Table 3: Sectoral Real GDP Growth Rates (2015-2019)

	2015	2016	2017	2018	2019	Average
Agriculture	0.3	0.6	1.9	2.6	-0.1	1.1
Mining	-19.6	-3.5	-11.1	7.6	-3.9	-6.1
Manufacturing	3.2	1.6	2.2	3.4	2.8	2.6
Water & Electricity	7.0	95.2	39.9	11.3	6.3	31.9
Construction	4.0	4.2	3.5	3.7	3.0	3.7
Trade, Hotels & Restaurants	-3.9	13.4	9.0	3.6	4.1	5.2
Transport and Communication	4.5	6.6	4.7	6.4	5.3	5.5
Financial and Business Services	4.5	3.3	4.1	5.0	5.9	4.6
General Government	3.3	2.4	1.5	3.4	3.7	2.9
Social & personal Services	3.6	3.5	2.8	4.5	3.2	3.5
Total GDP	-1.7	4.3	2.9	4.5	3.0	2.6

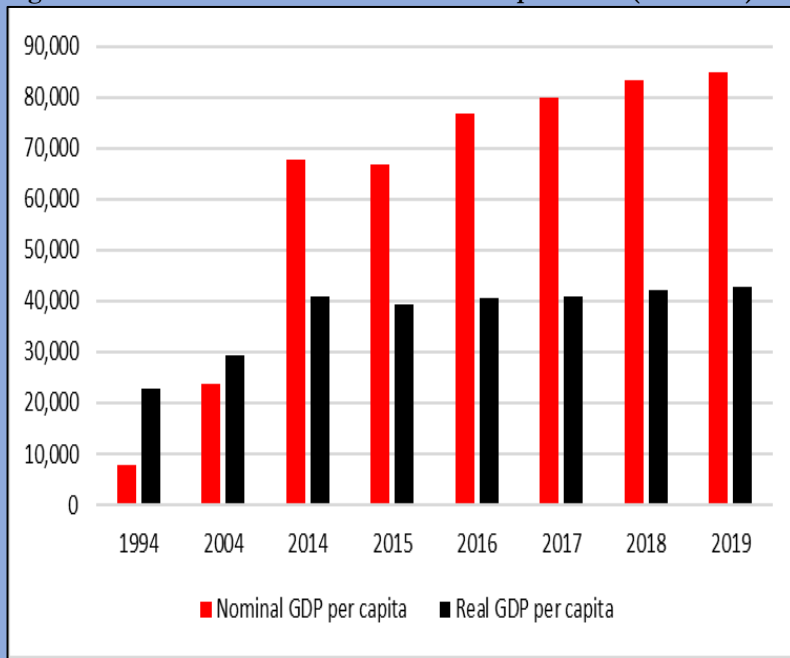
Source: Statistics Botswana

2.8. On the lower end of the scale, agriculture contributed only 1.7% of GDP. This is out of sync with the sector's position as the third largest employer after the Government and the Wholesale and Retail sectors.

2.9. Table 3 shows that over the five years to end 2019, real GDP growth averaged 2.6%, 4.4 percentage points below Target 8.1.1 of Sustainable Development Goal (SDG) 8. Target 8.1.1 of SDG 8 sets a real GDP growth rate of 7.0% as the performance standard necessary to make a meaningful impact on

unemployment and poverty, and achieve generalised human welfare gains (<http://www.statsbots.org.bw/>).

Figure 5: Trends in Nominal and Real Per Capita GDP (1994-2019)



Source: Statistics Botswana, Fourth Quarter GDP report, 2019

2.10. Except for Water and Electricity, a small sector that benefited from substantial public investment in infrastructure projects over the reference period, only two other sectors, Trade Hotels and Restaurants, and Business Services, achieved growth rates in excess of 5%. Mining, the fourth largest contributor to GDP, and the largest source of government and export revenues, shrank by an annual average of 6.1% between 2014 and 2019. The sectoral growth rates shown in Table 3 point to an economy diversifying too slowly.

2.11. Figure 5 shows real per capita GDP stagnating from 2014. This trend is consistent with the unemployment and poverty figures

shown in Tables 4 and 5. They show an economy struggling with job creation and high levels of poverty. Average incomes and household welfare do not improve during periods of low output and employment growth. Average incomes generally grow when unemployment is low because labour scarcity pushes up wages whilst a high labour reserve depresses the wages.

c. Unemployment, Poverty and Inequality

2.12. Table 4 reveals some interesting facts about the labour market in Botswana. First, Botswana has a serious problem of unemployment (20.7% on the narrow definition), and youth unemployment in particular (26.7%). Between 2016 and 2020, the unemployed population outgrew the labour force by 15.9 percentage points (32.5% to 16.6%). This means that young people were joining the unemployed pool faster than they were joining the working age population. The unemployed population outgrew the employed population by 24.4 percentage points (32.5% to 8.1%) and formal

Table 4: Unemployment (2016 & 2020)

Indicator	2016	2020	Change (%)
Population aged 15 years and above	1,349,008	1,572,736	16.6
Economically Active Population	836,734	940,546	12.4
Employed Population	689,528	745,556	8.1
Unemployed Population	147,206	194,990	32.5
Formal Sector Employment	420,762	483,814	15.0
Informal Sector Employment	268,766	261,742	-2.6
Labour Force Participation Rate	61.5	59.8	-1.7
Unemployment Rate	17.6	20.7	3.1
Youth Population (15-35)	747,635	844,723	13
Youth Labour Force	427,089	481,441	12.7
Youth Unemployment Rate	25.1	26.7	1.6
NEET Rate (%)	39.9	35.2	4.7

Source: Statistics Botswana, Quarter 3 Multitopic Labour Survey

employment by 17.5 percentage points (32.5% to 15.0%). The youth labour force rose by 12.7%. These trends are potentially socially and economically destabilising. Equally worrisome, the proportion of youths “Not in Employment, and not in Education or Training” (NEET), was 35.2%, down only 4.4% from 39.9 in 2016. This figure represents the magnitude of the risk that the country will not realise its demographic dividend. These are young people who are at risk of not realising their potential because their human capital is underdeveloped and there have no employment opportunities.

2.13. The gap between Botswana’s macro-economic performance and human development is summarised in three non-income measures of human wellbeing, the Human Development Index (HDI), the Social Progress Index (SPI) and the Human Capital Index (HCI) (Table 1). In 2018, Botswana’s HDI rank was 94 out of 189 countries, a good 22 positions below its Per Capita GDP rank. This gap suggests substantial inefficiency in the conversion of economic progress into human welfare gains. On the SPI, Botswana ranks 84th out of 149 countries, behind several countries which rank lower on per capita GDP, e.g., Morocco and South Africa. At 0.42, Botswana’s HCI suggests serious problems with human capital development, i.e., education, skills development and health.

2.14. Botswana’s poverty data are quite old and narrowly focused on income. The three data points shown in Table 5 suggest that Botswana is making progress against income poverty. Even so, poverty remains pervasive, with the national headcount ratio standing at 16.3%⁷ in 2015. Significantly, between 2009/10 and 2015/15, poverty reduction decelerated considerably relative to the period 2003/04-2009/10. Review of the 2015/16 Botswana Multitopic Household Survey (BMTHS) shows that poverty has too broad categories of determinants. The first is employment and opportunity. Those who have gainful employment and/or access to economic opportunities are less likely to be poor than those who do not. This is the reason poverty is highest in rural areas (24.2%) compared to urban areas (9.4%). Urban areas offer more and better economic opportunities. The second is that of endowments. People are poor mostly because they do not have productive assets, including human capital (education, skills and health).

Table 5: Incidence of Poverty (2002/03, 2009/10 & 2015/16)

	Indicator	Cities & Towns	Urban Villages	Rural Areas	Total
HIES 2002/03	Poverty Head Count (%)	10.6	25.4	44.8	30.6
	Household Poverty Rate	8.8	17.4	33.4	21.7
	Number Below Poverty Line	39,113	138,547	321,808	499,467
BCWIS 2009/10	Poverty Head Count (%)	8.0	19.9	24.3	19.3
	Household Poverty Rate	5.2	10.4	14.5	10.8
	Number Below Poverty Line	31,401	134,467	196,249	362,116
MBTHS 2015/16	Poverty Head Count (%)	9.4	13.3	24.2	16.3
	Household Poverty Rate	6.9	6.8	13.1	9.0
	Number Below Poverty Line	41,093	121,230	175,087	337,410

Source: Statistics Botswana

2.15. A poverty assessment undertaken by the World Bank in 2015 provided useful insights into other dimensions of poverty in Botswana. Two of its most notable findings were that: a) labour factors explain 58.3% of poverty reduction whilst demographic factors (decreasing household sizes and reduction in

⁷ Botswana Multitopic Household Survey.

dependency ratios) explain 24.0%; b) economic growth and inequality are equally important for poverty eradication in Botswana. It states:

“Halving poverty could be achieved in four years if growth is associated with a two-point reduction in the Gini coefficient. Similarly, growth associated with increasing inequality has an adverse outcome for poverty reduction. If inequality were to increase by 2 percentage points, poverty would not fall even if cumulative growth were 30 percent.”⁸

2.16. Though never corroborated by any study since, these findings have intuitive appeal, and are important for Botswana for two reasons. First, the observed influence of labour factors on poverty reduction communicate the obvious fact that the eradication of poverty in Botswana requires effective human capital development and decent employment for all working age people. Second, the eradication of poverty will be difficult unless there is progress against inequality. Botswana is one of the most unequal countries in the world. According to the 2015/2016 Multitopic Household Survey (MTHS), Botswana’s aggregate measure of inequality, the Gini Coefficient was, 0.52 in 2016. According to the World Inequality database the top one percent of Botswana’s income earners accounted for 22.6% of Botswana’s Gross National Income (GNI) in 2017 whilst the top 10% accounted for 58.9% of GNI and the bottom 50% shared only 8.7% between themselves.⁹ It therefore follows that inequality is potentially an important co-determinant of poverty.

d. The Private Sector in Botswana

2.17. The private sector is the part of the economy that is owned and managed by individuals and firms whose economic activity is motivated by profit. In regular use, the phrase private sector refers to for-profit-firms. Over the period 2009-2018, Botswana’s private sector accounted for roughly 87% of GDP (Table 6). This means that the government’s share of GDP remained fairly stable over this period. Excluding mining, the private sector’s share of GDP increased by a modest 6.8 percentage points over the ten years to 2018, from 69.8% to 76.6%. Taking 2018 as the reference point, pre-COVID-19, the private sector, excluding mining, accounted for 76.6% of GDP. The largest components of the private sector are Trade, hotels and restaurants (21.6%), Finance and business services, and mining. Amongst them, Trade, hotels and restaurants grew the fastest over the review period, whilst mining actually shed 6.1 percentage points off its GDP. Relative to total GDP, manufacturing, long considered a strategic sector for diversification, virtually stagnated.

Table 6: Gross Domestic Product in 2006 Prices (2009-2018)

Economic Activity ⁴	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Agriculture	2.3	2.3	2.2	1.9	1.7	1.6	1.7	1.6	1.6	1.6
Mining	16.7	18.5	16.3	14.7	16.4	15.8	12.9	12.0	10.3	10.6
Manufacturing	6.4	6.1	6.4	6.4	6.1	5.9	6.2	6.0	6.0	5.9
Water and electricity	1.2	1.2	0.8	0.5	0.8	0.3	0.4	0.7	0.9	1.0
Construction	6.3	6.0	7.0	7.6	7.1	7.1	7.5	7.5	7.6	7.5
Trade, hotels and restaurants	15.8	15.9	17.1	17.5	18.2	19.3	18.9	20.5	21.8	21.6
Trade	10.1	9.8	10.3	10.7	11.7	12.8	11.8	13.4	14.4	14.0
Hotels and restaurants	5.7	6.2	6.7	6.8	6.5	6.6	7.1	7.1	7.3	7.5
Transport and communications, of which:	5.2	5.1	5.1	5.4	5.3	5.5	5.9	6.0	6.1	6.2

⁸ World Bank (2015): *Botswana Poverty Assessment*, p. 46

⁹ See: <https://www.wider.unu.edu/project/wiid-world-income-inequality-database>

Road transport	1.3	1.0	0.8	0.9	0.9	0.9	0.9	1.0	1.0	1.1
Air transport	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.7
Communications	2.3	2.4	2.4	2.5	2.4	2.5	2.8	2.8	2.9	3.0
Finance and business services, of which:	13.4	13.8	14.0	14.6	14.2	14.0	14.9	14.8	14.9	15.0
Banks and insurance	5.6	5.3	5.0	5.0	5.0	4.8	5.0	5.0	5.0	5.0
Real estate and business services	5.5	5.9	6.4	6.7	6.7	6.9	7.4	7.6	7.9	8.1
General government	13.6	13.4	13.4	13.2	12.6	12.7	13.3	13.	12.9	12.7
Social and personal services	6.5	6.4	6.5	6.9	6.7	6.7	7.0	7.0	7.0	6.9
Adjustment items	12.6	11.3	11.2	11.2	10.9	10.9	11.3	10.8	10.9	11.0
Total GDP	100	100	100	100	100	100	100	100	100	100
GDP excluding mining	83.3	81.5	83.7	85.3	83.6	84.2	87.1	88.0	89.7	89.4
GDP Excluding Government	86.4	86.6	86.6	86.8	87.4	87.3	86.7	87.0	87.1	87.3
GDP Excluding Government and Mining	69.8	68.1	70.3	72.1	71.0	71.5	73.8	75.0	76.8	76.6

Source: Bank of Botswana, Botswana Financial Statistics 2020

2.18. There is no publicly accessible database that provides an inventory of businesses operating in Botswana. Statistics Botswana's 2016 Census of Enterprises and Establishments Report (CEER) is the single most recent census of businesses. The census identified a total of 18,676 businesses operating throughout Botswana. About half (50.1%) of them, 9,289 in total, were found in cities & towns, with Gaborone alone accounting for 66% percent of the establishments in cities and towns. More up to date data from Statistics Botswana¹⁰ indicate that the top five economic activities in Botswana. As Figure 7 shows, the modal economic activity in 2016 was Wholesale and Retail with 5,539 operating enterprises. Gaborone was by far the location with the highest number of operating enterprises of all types, 6,234 in 2016. Francistown was a distant second with 1,472.

Table 7: Top 5 Economic Activities and Top 5 Locations for Business

Top Five Economic Activities	Number of Operating Establishments	Top Five Locations	Number of Operating Establishments
Wholesale and Retail	5,539	Gaborone	6,234
Hotels and Restaurants	2,192	Francistown	1,472
Real Estate, Renting and Business Activity	1,795	Kweneng	1,000
Education	1,332	Southern	938
Manufacturing	1,313	Serowe	895

Source: Statistics Botswana, 2016

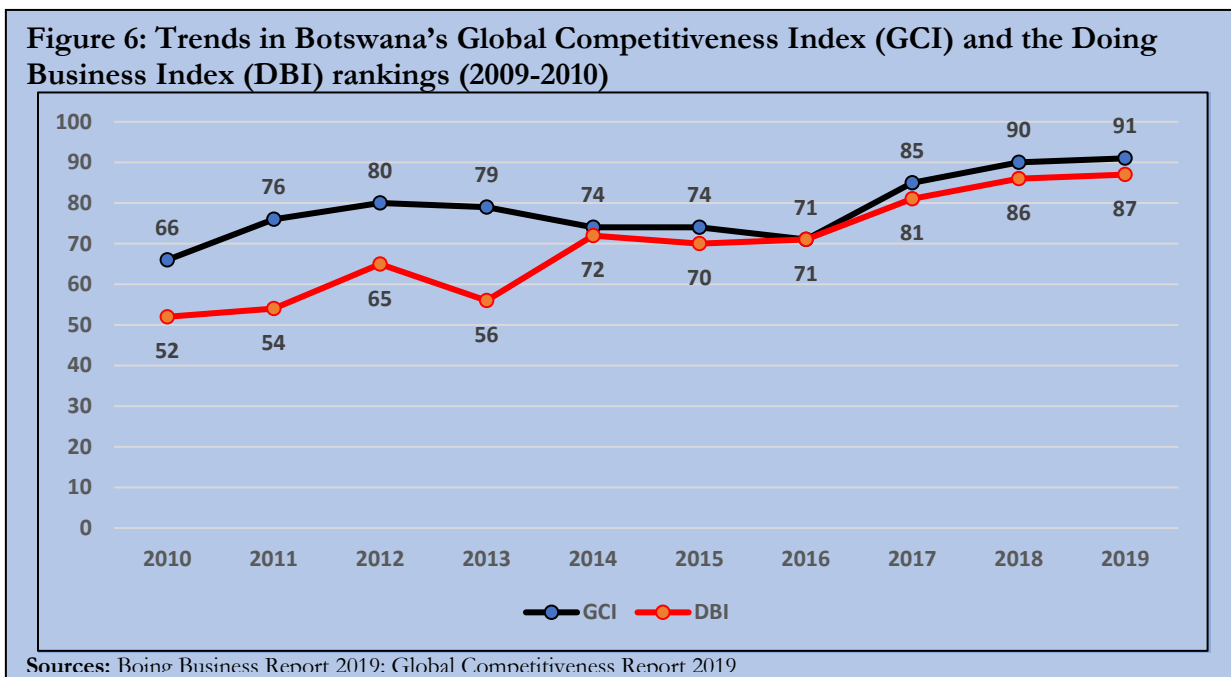
e. The Business Environment

2.19. Botswana operates a market-led economy. Through policies and incentives, Botswana shapes its business environment with the objective of supporting the development of a private-sector led economy. Most indicators suggest that Botswana is doing a decent job of creating a good macro-environment for private sector development. As shown in 2(a), pre-COVID-19 Botswana had achieved and maintained macroeconomic stability for decades. Table 1 shows that Botswana performs competently on the

¹⁰ See <http://www.statsbots.org/bw/statistical-business-register>

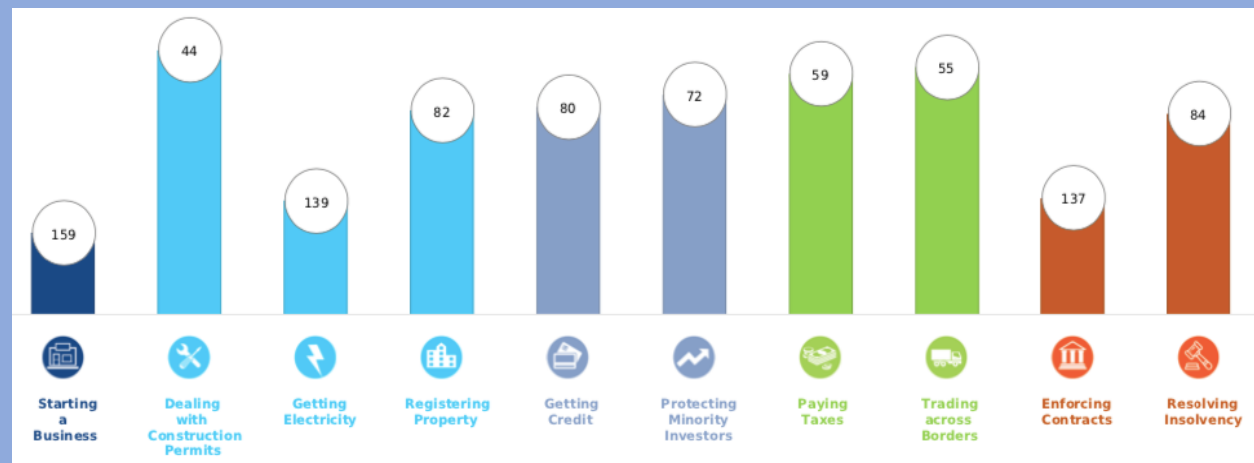
governance dimensions of the macro-environment for business. It had a Rule of Law Index (ROLI) of 0.59 in 2019, the 44th highest in the world, and fourth highest in Africa after Rwanda (40) Mauritius (37) and Namibia (34). Its Corruption Perception Index (CPI) for 2019 was 61, the 34th highest in the world and the best in Africa. On the Economic Freedom Index (EFI), Botswana ranked 40th in the world and third in Africa in 2019, with an index of 69. Only Mauritius (21) and Rwanda (33), ranked higher than Botswana in Africa.

2.20. Figure 6 traces Botswana trends in the evolution of two of the most commonly used summary measures of the quality of the business environment, the Doing Business Indicator and the Global Competitiveness Index from 2010 to 2019. Both indices show Botswana sliding down the world rankings during the last decade. Botswana’s GCI rank dropped 25 positions from 66 in 2010 to 91 in 2019 whilst the DBI rank dropped from 52 to 87. The decline in the rankings do not, however, reflect deterioration in the actual value of either of these indices. On the contrary both have been rising. They do, however, indicate a deterioration in the competitiveness of Botswana’s business environment. The position of a country in relation to other countries is more determinative of the country’s capacity to compete for investment, especially Foreign Direct Investment (FDI), than the absolute index value.



2.21. Figure 7 shows that the three areas in which Botswana’s performance is poorest relative to the rest of the world are Starting a Business (159), Enforcing Contracts (137) and Getting Electricity (139). Botswana’s best areas of performance are Dealing with Construction Permits (44) and Trading Across Borders (55).

Figure 7: Botswana's Rankings on Doing Business Topics



Source: Doing Business 2020

2.22. On the Global Competitiveness Index, Botswana does well under enabling environment indicators, save for infrastructure and ICT adoption, on which it ranks 108th and 100th. The low ranking in infrastructure is mirrored by a recent survey, which found, in particular, that inadequate transport infrastructure and lack of reliable and affordable electricity impede business. In particular, in agriculture transport-related issues pose a serious constraint to 53% of farmers.¹¹ Critically, the Global Competitiveness Index suggests that Botswana's challenges are greatest in the two areas most critical to competitiveness. These are human capital (111th and 94th on education and health respectively) and innovation eco-systems (104th and 99th respectively on business dynamism and innovation capacity).

2.23. Other surveys confirm that skills gaps and skills mismatch are perceived as key constraints on doing business. For example, a recent survey shows that only 43% of interviewed entrepreneurs could find workers with the right skills sets in the labour market. The service sector fares better with 65% of skills matching the requirements of enterprises.¹² In 2014, the 23% of service sector firms ranked skills as a key impediment.¹³ The 2008 Private Sector Development Strategy of the Government of Botswana and Business Botswana's predecessor, Botswana Confederation of Commerce, Industry and Manpower, identified an inappropriate work ethic, the education system, inappropriate skills, low investment in training, lack of training incentives and schemes as the main reasons for low labour productivity.¹⁴

¹¹ International Trade Centre (2019): *Promoting SME Competitiveness in Botswana. A bottom-up approach to economic diversification*

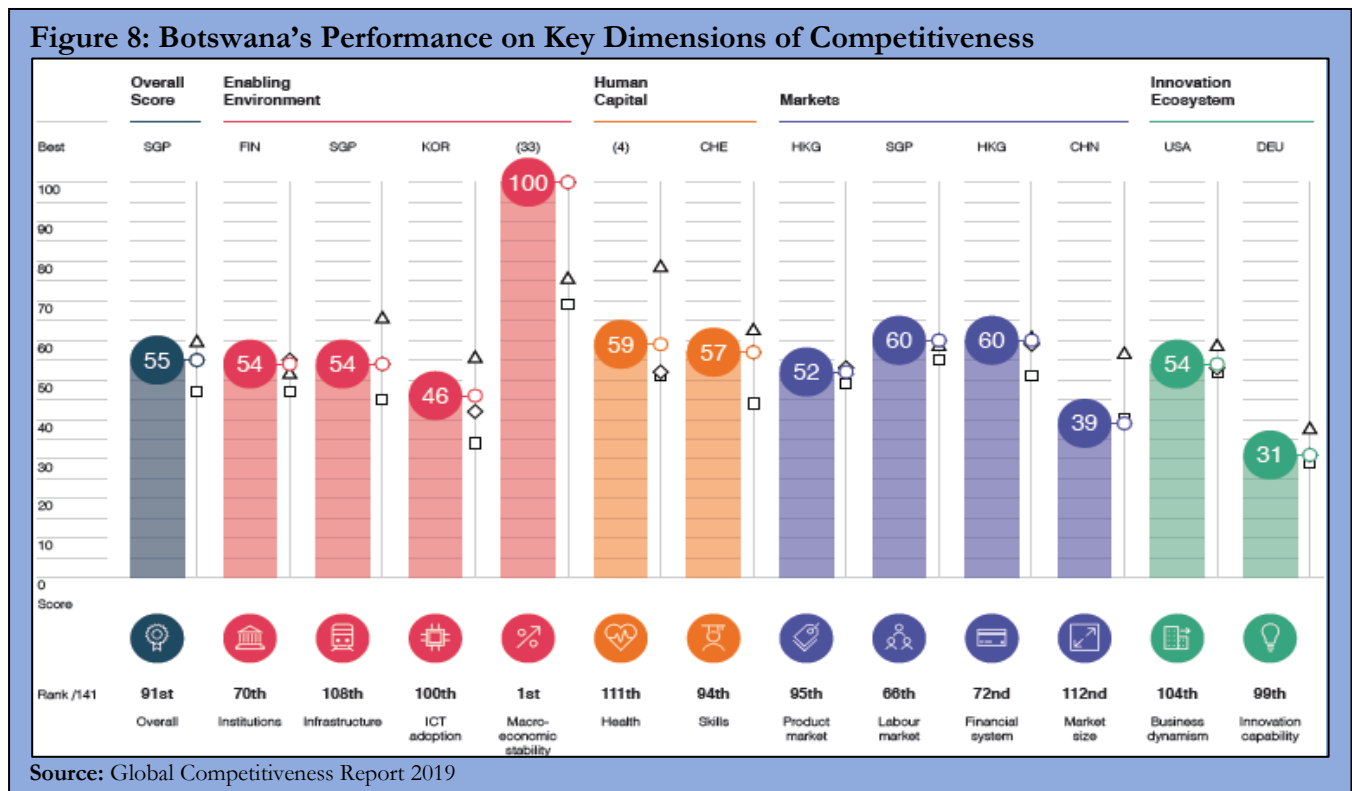
¹² International Trade Centre (2019): *Promoting SME Competitiveness in Botswana. A bottom-up approach to economic diversification*

¹³ World Bank (2014): *Botswana Labor Market Signals on Demand for Skills*. Washington, DC

¹⁴ Botswana Confederation of Commerce, Industry and Manpower (BOCCIM) and Ministry of Trade and Industry (2008): *Private Sector Development Strategy (PSDS) 2009 -2013*. Final Draft, September 2008

2.24. Figure 8 profiles Botswana’s key problem areas as follows:

• Health	111	Human Capital
• Skills	94	
• Infrastructure	108	Enabling Environment
• ICT Adoption	100	
• Business Dynamism	104	Innovation Ecosystem
• Innovation Capacity	99	



2.25. Firms also indicate that access to finance is a significant constraint on doing businesses in Botswana. Although a 2019 International Trade Centre (ITC) “SME Competitiveness Survey in Botswana” showed that SMEs mostly had high regard for the quality of bank and insurance firms, “...only 45% of respondents had obtained funding from a funding institution in the preceding three years”. Only 8% of the respondents had been funded by a commercial bank. A fifth reported being funded by a development finance institution such as the Citizen Entrepreneurial Development Agency (CEDA), National Development Bank (NDB) or Botswana Development Corporation (BDC). A further 13% reported being funded through a government programme such as those targeting youth, gender and poverty eradication.

2.26. Finally, certification and quality control remain a constraint, in particular with regards to fostering a preference locally produced goods among Botswana enterprises and consumers. Locally produced

goods are generally perceived to be inferior quality relative to imports. In a recent survey, 77% of the manufacturing enterprises interviewed were not certified to any quality, sustainability or other standard.¹⁵

f. Women in Business

2.27. Women are over-represented in sectors, such as personal services, hotels and restaurants, textile manufacturing and retail, while men are represented in more profitable sectors, such as construction and electronics/IT. In regulatory terms, women are equal to men in terms of doing business, which is reflected in doing business rankings and surveys. For example, women require the same time and number of procedures to start a business as men.¹⁶ Recent surveys show that women have similar past access to financing and future needs¹⁷, with access to finance remaining a key challenge for all firms¹⁸. Table 8 highlights the relative gender equality as a key strength of the Botswana SME ecosystem.

Table 8: SWOT table for Botswana’s SMEs

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Governance ▪ Services sector ▪ Relative equity in access to business system across gender and age of entrepreneur ▪ Youth entrepreneurs 	<ul style="list-style-type: none"> ▪ Cost of utilities ▪ Infrastructure ▪ Lack of port (landlocked status) ▪ Domestic educational and skills provision ▪ Low rates of certification
Opportunities	Threats
<ul style="list-style-type: none"> ▪ High growth rates in services trade in global value chains ▪ Management skills expansion among women- and youth-led SMEs ▪ Passage of the African Continental Free Trade Area increasing scope for trade within the region ▪ Emerging market importers e.g. Egypt, Israel 	<ul style="list-style-type: none"> ▪ Decrease in diamond prices and/or global slowdown reducing government revenues, meaning fewer funds are available to invest in SME programmes ▪ Climate change risks curbing beef production and exports ▪ Climate change risks increasing prevalence and severity of droughts, which could reduce access to water and electricity

Source: International Trade Centre (2019): *Promoting SME Competitiveness in Botswana. A bottom-up approach to economic diversification*, p. 47

2.28. The level of education of women tends to determine whether women become entrepreneurs by opportunity or by necessity. The World Bank found that less educated women and women from poorer backgrounds tend to be unemployed or self-employed, especially in low-productivity micro enterprises and the informal sector. In particular women who are microenterprise owners show lower levels of education than their male counterparts, which indicates that small-scale entrepreneurship is selected by the most disadvantaged women.¹⁹ However, also women owning SMEs do less well than men with regards to business management, in particularly in productivity, cashflow and inventory management.²⁰

2.29. Women with higher education are more likely to be found operating a business in a male-dominated sector, in particular if they already have work experience in the sector. These women are able to make

¹⁵ International Trade Centre (2019): *Promoting SME Competitiveness in Botswana. A bottom-up approach to economic diversification*

¹⁶ World Bank (2019): *Doing Business 2020. Economy Profile of Botswana*

¹⁷ International Trade Centre (2019): *Promoting SME Competitiveness in Botswana. A bottom-up approach to economic diversification*

¹⁸ Cherchi L., Kirkwood D.J. (2019): *Crossovers in Botswana: Women Entrepreneurs Who Operate in Male-Dominated Sectors: Output for Women Entrepreneurship Study*. Washington, D.C.: World Bank Group.

¹⁹ Cherchi L., Kirkwood D.J. (2019): *Crossovers in Botswana: Women Entrepreneurs Who Operate in Male-Dominated Sectors: Output for Women Entrepreneurship Study*. Washington, D.C.: World Bank Group.

²⁰ International Trade Centre (2019): *Promoting SME Competitiveness in Botswana. A bottom-up approach to economic diversification*

higher profits and grow larger firms in terms of number of employees compared to women who operate businesses in female-concentrated sectors.²¹

3. The Socio-Economic Impacts of COVID-19 and Measures by the Government

3.1. COVID-19 has already had a profound, and likely to be prolonged, negative impact on the Botswana economy and society. No sector of the economy has been untouched. Demand for two of the country's leading sectors, mining and tourism, collapsed even before Botswana's first confirmed case of COVID-19. The economy has been under a lockdown induced shutdown since 2 April 2020, but sharp reductions in business activity, business closures, and retrenchments preceded the lockdown, especially in the travel and tourism value chain. Hotels, lodges, guesthouses, safari camps, tour guides, air charter, tour services and all businesses that depend on human movement and public confidence regarding health and safety experienced a sudden collapse in demand. The lockdown brought the entire economy to its knees. The lockdown ended on 23 June but the State of Public Emergency and the restrictions on interzonal movement that remain in force will, however, continue to extract deep economic sacrifices across sectors. Tourism in particular, will remain depressed so long as a safe and effective COVID-19 vaccine or cure is not found and people have not learned to live with the virus.

3.2. Estimates of the likely overall impact of COVID-19 on the economy and society vary but indications are that the economy will suffer a double-digit contraction. The fiscal budget will go deep into deficit in 2020/21 and possibly 2021/22 as the government borrows both locally and international to finance the expanded needs of the health sector and an economic stimulus recovery plan. Public debt will naturally rise sharply. The incidence of corporate bankruptcies and companies reporting losses will increase sharply, and thousands of jobs will be lost through business closures and retrenchments. Human wellbeing is likely to deteriorate as well. It is almost certain that thousands of households will be thrown into poverty or heightened vulnerability to poverty, hunger and malnutrition. Psychosocial problems are also expected to rise. Rather expectedly, it seems the impacts of COVID-19 will be felt the most by those who are already worse off, unskilled labour, the informal sector, illegal immigrants, youths and those who subsist on illegal trades such as sex work. COVID-19 is especially vicious because it hits the economy from both the demand and supply sides. All indications are that it has three channels of impact, namely;

- a) *The market channel:* In Botswana, as in all other countries that COVID-19 reached with a significant time lag, its economic impacts preceded the health pandemic. As the coronavirus spread from China to the advanced economies of Europe and the United States, it caused immediate demand shocks that were quickly transmitted to other countries through trade linkages. In the case of Botswana, the first casualties were tourism, for which international demand collapsed completely on account of restrictions on travel, and diamonds, whose demands responds sharply to demand shocks diamonds are mostly purchased for ostentation rather than use value.
- b) *The Price Channel:* Commodity and asset prices have fallen sharply as a result of COVID-19, resulting in heightened risk of insolvency for producers of commodity products, loss of revenue for

²¹ Cherchi L., Kirkwood D.J. (2019): *Crossovers in Botswana: Women Entrepreneurs Who Operate in Male-Dominated Sectors: Output for Women Entrepreneurship Study*. Washington, D.C.: World Bank Group.

governments and the destruction of wealth as stock prices tumble. It is inevitable that property prices will follow the trend in the prices of other asset classes. Judging by developments in Europe and other countries, COVID-19 will precipitate an undesirable re-distribution of wealth. COVID-19 has most probably created a buyers' market across asset classes in which those with resources, or access to credit, are likely to make rich acquisitions in both the stock and real estate markets, further exacerbating inequality.

c) *The human health and health interventions channel:* COVID-19 has not yet become a health crisis in Botswana in terms of high levels of morbidity but it has already produced economically damaging health response measures. The social distancing measures instituted to contain the spread of the coronavirus, in particular the lockdown that commenced on 2 April, have created difficult trading conditions. The lockdown closed all parts of the economy, except for those deemed essential, e.g., supermarkets, fuel service providers, health providers, certain aspects of manufacturing, and mining from 02 April to 20 May 2020. Other risk reduction measures, except for online trade, have raised the cost of doing business in all conceivable ways - reduced volumes of trade as a result of physical distancing requirements and outlays on inputs for risk reduction such as facial masks, face shields, sanitisers and ablution arrangements. Measures to prepare the health system to deal with the increase in morbidity and mortality that is certain to follow the reopening of the economy, and the enforcement costs of social distancing measures have put significant pressure on the budget. Already about billions have been committed to the procurement of an assortment of medical supplies from China.

3.3. Through the aforementioned channels, the main short-term impacts of COVID-19 are threefold:

a) *Loss of output:* Though difficult to quantify, the expected covid-19 induced loss of output is substantial. Many firms, probably a significant majority, stopped operations at the onset of the lockdown. They have not produced any output for seven weeks. Those that re-open are likely to make slow recoveries and are unlikely to return to their pre-COVID-19 trade volumes for as long as a safe and effective cure for COVID-19 does not exist. Businesses that had remained in operation during the lockdown had

Table 9: Impact of COVID-19 on the Economy – Base-case, Pessimistic-case and Worst-case Scenarios

	Initial Forecast	Base Case	Pessimistic	Worst Case
1. Agriculture	1,7	1,6	1,6	1,6
2. Mining	2,8	-10,4	-20,0	-45,0
3. Manufacturing	2,5	0	0,0	-10,0
4. Water and Electricity	14,4	5,6	5,6	5,6
5. Construction	4,1	3	0,0	-1,0
6. Trade, Hotels & Restaurants	5,6	-10,3	-11,8	-19,5
7. Transport & Communication	6,6	5,0	2,0	-4,1
8. Finance & Business Service	4,9	4,1	4,0	1,5
9. General Government	3,2	3,2	3,2	3,2
10. Social and Personal Services	3,2	2,0	0,0	-4,8
Total GDP	4,4	-1,7	-3,8	-10,4
GDP excluding Mining	4,6	-0,2	-2,0	-6,6

Source: MFED

generally operated at a fraction of their capacities because of reduced demand and the conditions under which they do business, in particular, social distancing. Econsult estimates that Botswana will lose 10-15% of its 2020 GDP as a result of COVID-19. More detailed modelling work of the impact of COVID-19 was done by the Ministry of Finance and Economic Development. It predicts the output effects summarised in Table 9 under three alternative scenarios: Base Case, Pessimistic Case, and Worst Case.

3.4. Scenarios 1 and 2 are probably both too optimistic. Even more resilient economies expect GDP contractions significantly higher than 2%. The worst-case scenario, which is perhaps the most likely, given that the likelihood of a safe and effective cure or vaccine for COVID-19 being found and made accessible in 2020 is low, is consistent with the Econsult projection of 10-15% GDP contraction. It is also consistent with projections in other countries, e.g. South Africa (7.5%) and the Eurozone (7.7%). Even so, there are significant risks for an even larger contraction, notably, the continued lack of a cure or vaccine, the consequent continued economic dislocation, and changes in consumer preferences. The sectors that are expected to be most affected are tourism and mining, tourism because of its excessive dependence on international travel, and mining because of the gravity of the COVID-19 shock to the global economy and the sensitivity of global demand for commodities to economic shocks.

b) *Employment and Poverty*: Jobs and livelihoods will be lost as a result of COVID-19. The informal sector, for which UNDP is supporting and MITI and LEA to develop a recovery plan, temporary employment, and unskilled labour are expected to be hit the hardest. These are the areas where vulnerability is highest. The severity of the loss of jobs and the descent into poverty will depend on a number of factors, primarily the length of time it takes for a safe and effective cure to be found and availed, and the magnitude and effectiveness of the COVID-19 economic mitigation and recovery measures. For instance, a PDL-indexed cash transfer for liquidity constrained households could stop household descent into poverty whilst a courageous and effective recovery programme could spark a quick V-shaped recovery and set the economy on a path of greater and more dynamic prosperity. A spike in bankruptcies and retrenchments is expected in the formal sector, with travel and tourism potentially taking the lead.

c) *Costs of Production*: Firms are also likely to face increased costs of operation as a result of the adjustments necessary to cope with COVID-19. These include arrangements necessary to ensure adequate social distancing at work, and the measures necessary to maintain the standards of workplace hygiene COVID-19 requires and to put in place the measures authorities have mandated for purposes of facilitating contact tracing, e.g., recordings of clients and their temperatures, regular cleaning and disinfection of business premises.

3.5. To counter the worst immediate impacts of COVID-19, the Government of Botswana introduced a COVID-19 pandemic relief fund on 2 April 2020 with an initial capitalisation of P2 billion to finance the following support interventions for the private sector (amongst others):

- Wage subsidies (1 billion Pula)
- A 24-month loan guarantee of up to P25 million for loans with commercial banks
- Tax concessions (deferral of 75% of any two quarterly payments between March and September 2020 to be repaid from March 2021, reduced VAT refund period)
- Waiver of training levy for six months
- Citizen Entrepreneurial Development Agency (CEDA) COVID-19 emergency response fund of 40 million Pula, as well as waiving the interest payment for other CEDA loans for 12 months
- Repayment holidays for commercial bank loans to be negotiated by Bank of Botswana

3.6. The pandemic relief fund includes medium-term measures to upscale production in several agricultural activities, notably horticulture, dairy and other parts of the livestock value chain. The proposed measures seek to address bottlenecks in the identified value chains. For instance, in horticulture, the objective is to address bottlenecks in both production (providing seedlings) and marketing (by capacitating "...the National Agro-processing Plant (NAPRO) to absorb all excess production of vegetables"). In the dairy sector, the proposed measures targets herd expansion, fodder production and the aggregation of milk from small producers to address their marketing challenges.

4. The Impact of COVID-19 on the private sector

4.1. The impacts of COVID-19 on the private sector, and on the economy in general are difficult to quantify because they are driven by a complex of factors whose behaviour and interaction are too difficult to predict, especially in a context of data capabilities as low as Botswana's. This includes the trajectory of the pandemic, the effectiveness of both prevention and mitigation interventions, the availability of critical inputs such as test kits, essential equipment and personnel to deal with the disease. Even so, a meaningful qualitative assessment of the nature and direction of the impacts of COVID-19 can be made. In the context of work on the Private Sector Recovery plan, a rapid survey of members of Business Botswana was undertaken (See methodology in Annex 1). Drawing on this work, work undertaken by MFED, and the vast amount of literature available on the impact of COVID-19 and recent epidemics, the private sector impacts of COVID-19 may be summarised as follows.

4.2. COVID-19 has spared no part of the economy. There are of course, pockets of the economy that have benefited from the pandemic to the extent it created demand for their products and services. These mostly include companies, old and new, that import COVID-19 related supplies and equipment (from sanitizers to infra-red-thermometers, to larger equipment items), and companies in the cleaning value chain, including those who sell cleaning chemicals and those that do contract cleaning. The general impacts are summarised as follows, based in part on Table 9:

- a) *Overall impact:* Nearly all companies who responded to the survey have experienced sharp declines in revenue (98%²²) and significant cashflow problems (81%). The possible exception are those that trade in COVID-19 related supplies. In fact, revenue for business categorised as non-essential dropped to zero for the months of April and May, save for those that earn money from standing contracts, e.g., insurance plans, hire purchase agreements, and rental leases. The severity of impact varies from sector to sector.
- b) *Agriculture:* Agriculture may prove to be one of the few resilient sectors in the face of COVID-19 in the medium term. In the short term, the sector, especially arable agriculture and horticulture, may have lost significant harvest due to the restrictions on movement during the lockdown. It may suffer even more from the impacts of the post lockdown restrictions on interzonal movement unless the movement permit system is more sensitive to the needs of agriculture than it was during the lockdown. MFED estimates that output growth for agriculture will drop a tenth of a percentage from an original forecast of 1.7% to 1.6%. This probably does not account for the compounding effects of the permit restrictions. Many farmers encountered difficulties in getting permits, thus much of their harvest ready produce had remained in farms during the lockdown and they suffered income

²² The remaining 2% responded with "don't know". No business claimed to have no revenue reduction.

losses. Nevertheless, agriculture produces critical food supplies, and experience from recent epidemics shows that agriculture is likely to bounce back relatively quickly.

- c) *Hotels and Restaurants:* This sector appears to be the most vulnerable to COVID-19 and the most likely to suffer permanent or long-lasting damage. This is so because a good part of it, the travel and tourism component, depends almost entirely on the movement of people whilst COVID-19 stops the movement of people. Unless an effective cure or vaccine is found fairly quickly, 2020 will be a lost year for much of this sector. MFED predicts a 19.5% contraction of the sector's GDP. Even this is potentially over optimistic. This sector has lost business, output, revenue, and jobs at rates not seen in any other sector. Costs of doing business will probably also rise the highest in this sector because of the measures that will have to be taken to protect clients, e.g., social distancing in cars, busses and airplanes, the cleaning of hotel rooms and the longer intervals it will take before a room is allocated to a new client following the departure of a client.
- d) *Mining:* Botswana's mining sector sits at the base of global mineral value chains, which makes demand for Botswana's mineral output quite sensitive to changes in global demand. COVID-19 has hit global commodity prices hard through sharp reductions in global demand. Although mining was treated as an essential activity during the lockdown, mining houses still scaled down operations significantly, in part to protect workers and in part because of low commodity prices. This had an adverse knock on effect on companies in the mining supply chain. According to Trading Economics (<https://tradingeconomics.com/commodities>), on 22nd March, the price of Soda Ash was 34.52% down from a year back. Copper and Nickel were down 11.32% and 1.31% respectively. COVID-19 has virtually extinguished all prospects of a diamond price recovery from a downward slide that began in 2014. A reduction in output is expected across all mineral classes. In fact, MFED predicts at best, a 10.4% contraction in mining GDP, down 13.2 percentage points from a pre-COVID-19 expected growth of 2.8%, and at worst 45% contraction.
- e) *Manufacturing:* The sector has lost two months' worth of production is expected to register zero growth in 2020 under MFED's worst case scenario, down from an initial projection of 2.5%. In addition to common issues such as cashflow problems, the manufacturing sector is also at risk of disruption of input supplies. The sector is working with the government to realign the list of essential goods for importation to ensure production returns to full capacity as soon as possible once possible the health risks permit. Although the factors at play are too many and too difficult to predict, manufacturing, much like agriculture, may benefit from the resolve of both the government and private sector to raise domestic production and reduce dependence on imports. Even so, absent truly bold stimulus and recovery programmes, the risk of a contraction in manufacturing output in 2020 is real.
- f) *Finance & Business Services:* This sector has proven to be one of the most resilient in the face of the COVID-19 onslaught. It was already very strong even prior to COVID-19. Even so, it is also likely to suffer reduced demand and growth on account of a generalised decrease in demand. Should COVID-19 continue to wreak havoc in the economy, even this sector may contract. Overall, lending institutions are expected to see a rise in non-performing loans as both corporate and individual clients lose incomes. On the upside, the sector, in its entirety, is expected to be at the centre of stimulus and recovery plans, which will have a positive impact on demand. Even under the worst-case scenario, this sector is expected to grow.
- g) *Construction:* The construction sector has lost business as clients moved fast to suspend planned capital projects, including new premises and factory shells, or expansions, for instance in tourism, where the

longer-term uncertainties the sector faces forced operators to put expansion plans in abeyance. tourism faces, most of these construction sites were shut. Even the government may suspend some of its planned projects, especially those that have not yet commenced, in order to direct resources towards the response to COVID-19. The lockdown regulations did not allow construction activity to continue despite the sector proposing ways to do so with strict adherence to stringent standards of Occupational Safety and Health (OSH). Limited work by small contractors, mostly to make COVID-19 related infrastructure upgrades in schools, e.g., water and sanitation. Aside from the government another major client of the construction sector is the tourism industry. MFED predicts zero growth in the sector, and at worst, a contraction of one percent. The construction sector is, however, expected to be one of the main beneficiaries of the government's stimulus and recovery programmes. Thus, depending on how bold these programmes are, the construction sector may yet defy predictions of a slow-down in 2020.

- h) *Water and Electricity*: Initial forecast to grow at 14.4% because of major projects, the sector's growth prospects have been revised down to 5.6% under all of MFED's scenarios. This reflects the necessity of the planned projects and the government's determination to see them through.

5. Uptake of government support interventions

5.1. Botswana's first economic response to COVID-19 was announced on 2nd of April 2020. It was intended to minimise the short-term effects of COVID-19 on firms and households and to lay the foundation for recovery once the health risks from COVID abate. In the words of MFED, a critical consideration behind the intervention is to ensure that "...as far as possible, firms that are fundamentally sound survive the crisis – if firms disappear, then recovery will be much slower and the permanent impact deeper" (p 3). The interventions proposed would, amongst other things, address short-term cash-flow problems and avoid avoidable bankruptcies. At the household level, the intervention sought to mitigate loss of income due to loss of employment or income-earning opportunities and help beneficiaries meet financial commitments. The specific strategic objectives of the interventions are:

- a) *Support to workers*: This is essentially about providing workers with a means of subsistence and most important, saving their jobs
- b) *Stabilisation of businesses*: This objective is concerned with protecting protective capacity by giving firms access to the funds necessary to keep insolvency away.
- c) *Ensuring availability of strategic reserves*: The intention is to ensure that strategic commodities, e.g. food, fuel and spares are available to keep the economy running, meet households needs.
- d) *Promotion of opportunities for economic diversification*: The objective seeks to pivot on the crisis to initiate medium to long term measures to transform the economy.

5.2. The MFED response is premised on a special vehicle called the "COVID-19 Pandemic (Corona Virus) Relief Fund". The fund caters for a range of urgent needs, including relief for firms and an economic stimulus; procurement of national strategic reserves such as grains, fuel and medical supplies; the evacuation of citizens outside Botswana; the national COVID-19 publicity and outreach programme; counselling services; and additional personnel. The core measures to support the private sector are as follows:

- a) *Wage Subsidy*: The wage subsidy is intended to enable eligible businesses to keep workers on their payrolls, i.e., to avoid retrenchments, and to allow households to continue earning incomes. The subsidy amount is calibrated at 50% of the basic salary of citizen employees, with a minimum subsidy of P1000/month and a maximum of P2500/month payable only to firms with Tax Identification Numbers and identified as negatively affected by COVID-19, excepting parastatals and businesses with direct government shareholding. P1 billion was set aside for this dispensation.
- b) *Loan guarantee*: This is a 24-month long government guarantee of commercial bank loans to businesses, up to 80% of loan value, that is intended to make it easier for firms to access life-saving finance. P1 billion was set aside to for loans to firms up to a maximum of P25m per firm. The beneficiary firms must be in a sector identified as negatively affected by COVID-19 and tax compliant. The terms and conditions are to be negotiated by the government and commercial banks.
- c) *Tax Concessions*: The Botswana Unified Revenue Service (BURS) will allow 75% of any two (2) quarterly self-assessment tax payments between March and September 2020 to March 2021. Furthermore, the period for Value Added Tax (VAT) refunds will be reduced from 60 days to 21.
- d) *Support by Development Agencies*: CEDA and NDB were mandated to development interventions. CEDA is required to develop interventions to support SME's affected by the COVID-19, and has done so. Furthermore, it is required to restructure loans and waive interest payments for 12 months. NDB is yet to announce its interventions.

5.3. The survey and interviews undertaken to inform this work looked into the uptake by businesses of the government's COVID-19 relief fund. The survey showed that the wage subsidy has enjoyed by far the biggest and smoothest uptake of any of the government interventions. It is also widely acknowledged to have had significant impact. Generally, businesses were helped to retain their workers. Consequently, retrenchment have been relatively low. There were no major issues with applications for the subsidy and receipt thereof, except for a few cases of delayed payments. However, firms generally view the wage subsidy too be too low and over the medium term, insufficient to help them retain staff and keep firms afloat. This is particularly the case for the tourism sector, especially nature-based tourism, which has limited recovery prospects in the short term due to travel bans and/or quarantine requirements imposed by many countries. The second most used intervention, as reported by companies that took part in the survey, is the set of tax concessions on offer.

5.4. The uptake of loans has been fairly low at the time of the research (May 2020). The biggest reason for the low uptake of loans is that the loan guarantee scheme was not yet active. Most sectors have also indicated that businesses are currently trying to survive without taking on more debt. Furthermore, most firms are still waiting to see how the economic situation evolves. Finally, it would not have made practical sense for firms to apply for loans whilst closed during the lockdown. It is thus be expected that over the medium term, the demand for loans at preferential rates will increase, as business get a clearer idea of their cash injection needs to fully restart operations.

5.5. The CEDA package for SMMEs seems to be quite popular as well. CEDA reported on 15 May that it had received close to 100 million Pula in applications for loans from its emergency relief fund and had already disbursed P10 million in loans to SMEs. Given that the CEDA emergency fund is currently capped at 40 million Pula, and demand for loans is likely to increase, CEDA will not be able to meet the needs of SMEs. Furthermore, the eligibility criteria for CEDA relief support includes the requirement

that applicants be up to date with repayments on their existing CEDA loans, even if repayment plans are in place.

5.6. Very few businesses reported benefitting from commercial bank repayment holidays. For those that managed to negotiate a repayment holiday, banks continued to compound interest. Even so, many respondents believe that repayment holidays on loans from commercial banks or from CEDA will be needed to help firms to adjust to the COVID-19 reality and stay afloat.

6. Citizen Economic Empowerment

6.1. One of the biggest debate topics in contemporary Botswana is Citizen Economic Empowerment (CEE). It is an emotive debate but it is not new at all. In fact, it is decades long debate, but it has never been as intense as it is now. Botswana has a policy on CEE, the Citizen Economic Empowerment Policy of 2012. The Policy defines CEE as “a set of inter-related interventions aimed at strengthening the ability of citizens to own, manage and control resources, and the flexibility to exercise options, which will enable Botswana to generate income and wealth through a sustainable, resilient and diversified economy”. The policy was preceded by a Citizen Economic Empowerment Conference in 1999. The CEE debate has to date yielded a panoply of interventions (policies, programmes and laws) whose aim is to promote citizen economic empowerment. Succinct summary of the key interventions is provided in Table 10.

Table 10: Inventory of Citizen Economic Empowerment Initiatives

Initiative	Brief Description
Botswana Development Corporation (BDC)	BDC is Botswana’s main agency for commercial and industrial development. Drives industrialisation by providing financial assistance (debt and equity financing) to investors with commercially viable projects that pioneer new industries, unlock value in existing industries, stimulate private sector growth and foster linkages with the local industry, drive diversification and exports, and create significant employment.
National Development Bank (NDB)	NDB is a Development Finance Institution that provides debt financing to new and existing businesses in agriculture (all agricultural projects), Commerce (retail, services and tourism), industry (manufacturing, processing and mining, real estate (property development and purchase - office, retail, industry and commercial residential), and human development (educational and residential loans)
Citizen Entrepreneurial Development Agency (CEDA)	Provide financial and technical support for business development with a view to promote viable and sustainable citizen owned business enterprises (small, medium and large). Offers funding for capital expenditure and stock or working capital in new and existing business ventures. It also offers training, business advisory services and mentoring for new and seasoned entrepreneurs.
Local Enterprise Authority (LEA)	Acts as a one-stop-shop that provides development and support services to the local industry needs of small, medium and micro enterprises (SMMEs). Promote entrepreneurship and SMME development through the provision of business development services (screening, business plan facilitation, training and mentoring; identifying business opportunities for existing and future SMMEs; promoting domestic and international linkages, especially between SMMEs and government, large business entities and other SMMEs; facilitating changes in regulations, quality management systems and standards, infrastructure and access to finance; facilitating technology adoption and diffusion; and promoting general entrepreneurship and SMME awareness.

Botswana Innovation Hub (BIH)	Contribute to the country’s economic development and competitiveness by creating new scientific, technological, and indigenous knowledge-based business opportunities. Adds value to existing companies, fosters entrepreneurship and technology transfer, generates knowledge-based jobs, and attracts innovative companies and institutions. Operates a Science and Technology Park to create an environment that supports start-ups and existing local companies as well as attract international companies and institutions to develop and grow competitive technology driven and knowledge-based businesses.
Economic Diversification Drive	AIMS to diversify the economic and export base of the country into sectors that will continue to grow long after diamonds have run out. One of its seven objectives is to “...develop entrepreneurship culture for business growth and enhanced citizen participation in the economy”. The EDD Short-Term Strategy uses of government interventions such as local procurement and preference margins to empower citizen firms.
Reservation and price preference	Under the Reservation Policy, some businesses and services are reserved for citizens only. Early this year, parliament adopted a motion to reserve all government tenders valued at less than P10 million for citizen firms. It has been adopted as government policy. The list of reserved businesses was expanded significantly through the revisions to the Industrial and Trade and Acts. Price preferences in public procurement give citizen businesses preferential treatment over foreign companies doing business with the government.
The Localisation Policy	The Localisation Policy gives preference to employment of Batswana over non-citizens given similar educational and training qualifications
Business Supplier Development Programme (SDP)	The United Nations Development Programme (UNDP), since 2019 has supported SMEs through a new initiative called the Business Supplier Development Programme (SDP) which brings into partnership 3 key players, namely: Buyers, Suppliers and specially trained and certified SDP consultants. UNDP invites Buyers to buy from Suppliers and when this partnership is formed UNDP assigns a trained consultant, over several months, to work with the Suppliers to provide the products required by the Buyers. The sustained mentoring by the consultant of the Suppliers has proven to be the key of success. The overall objective of the SDP is to have more profitable businesses that can create more jobs. The SDP is initially focus on the following sectors/value chains; Mining, Projects (Infrastructure), Agro Processing, Leather and Textiles.

6.2. Further to the above active interventions, Botswana has had a raft of other CEE interventions dating back to 1982, most of them targeting access to finance. These include the Financial Assistance Policy, the Credit Guarantee Scheme; the Micro Business Finance Scheme; and the Citizen Entrepreneur Mortgage Assistance Equity Fund (CEMAEF). Other citizen economic empowerment initiatives may be found in agriculture, even though they are seldom recognised as such. These include the Integrated Support Programme for Arable Agriculture Development (ISPAAD), a subsidy scheme that provides a mix of input support services to arable farmers including draft power, fertiliser and chemicals to control weeds. The other is the Livestock Management and Infrastructure Development (LIMID) programme. The main components of LIMID a small stock purchase grant that helps resource poor farmers acquire small stock (goats, sheep, Tswana chickens and guinea fowl and an infrastructure development that finances animal husbandry and fodder production, borehole drilling and equipping, water reticulation and cooperative poultry abattoirs.

6.3. The foregoing interventions have cumulatively committed billions of Pula to citizen economic empowerment over the years. They continue to pour considerable amounts of resources into citizen economic empowerment. Even so, there is widespread dissatisfaction with impact and pressure is being

put on the government to do more. In March the Ministry of Investment, Trade and Industry (MITI) initiated a process to develop a citizen economic empowerment law to give legal force to the process. Two questions remain inadequately unanswered in the current debate on CEE. The first is why, despite the enormous effort on CEE over the years, are citizens not participating adequately in the economy? The second, which might lead to a theory of change that guides future interventions, is what are the main constraints on CEE in Botswana? The Citizen Economic Empowerment policy of 2012 deals with the latter question to some extent by emphasising the critical imperatives for CEE thus:

a) *Resolving Psychological and Sociological Barriers*: The policy points to a number of mindset issues that constrain CEE, notably the lack of the kind of strong sense of national identity and sense of pride and confidence in the ability of Botswana that it asserts were determinative of progress in countries such as Malaysia and Singapore. It further laments the debilitating vices that follow from the lack of identity and strong sense of pride and confidence in own ability, e.g., fronting, the dependency syndrome, and a culture of entitlement. Ironically, the current debate on CEE, it seems, is premised on entitlement based on citizenship. The policy proposes citizenship education as one of the critical responses, arguing, that “...there is need to ...mould the school curricula and re-orientate society...”, and the inculcation of “entrepreneurship culture among citizens ...and ...business to business support within the private sector” (p7)

b) *Restructuring the economy*: The policy makes the point that CEE requires more rapid private sector growth and an enabling environment for processes of economic growth and wealth creation that release the potential of citizens. The policy urges the acceleration of the implementation of the Privatization Policy, coupled with government warehousing of shares in privatised entities for the benefit of citizens. Thus, 49% of the available shares were reserved for citizens in the privatisation of Botswana Telecommunications Corporation (BTC). It also urges the policies and strategies that enhance competitiveness.

c) *Global Competitiveness and Sustainability*: For Botswana to achieve rapid and sustainable growth, the country must be sufficiently competitive to participate in international trade. The policy suggests that Botswana should seek to become a global leader in areas in which it has competitive advantage, e.g., “...mining, mineral beneficiation, tourism and financial services, supported by a strong ICT, and research and development service sectors”. According to the CEE policy, as a leading producer of diamonds by value, Botswana should be a leader in the industry. The policy does not explicitly mention moving up global chains but this is implicit.

d) *Avoiding the Entitlement Syndrome*: Drawing on lessons from past citizen economic empowerment schemes, the policy argues that future CEE interventions should be focused and “...must not be allowed to degenerate into entitlement schemes” (p 10).

e) *Human Capital Development*: The CEE Policy makes the self-evident point the key to empowerment lies in providing Botswana with the skills and competencies necessary for them to take advantage of economic opportunities and set up and manage successful businesses and to be competitive in the economic activities in which the country has competitive advantages, e.g., mineral exploitation and beneficiation, tourism and financial services. Accordingly, the policy argues, Botswana must adopt global standards for developing globally competitive human capital to meet the needs of domestic enterprises and to ensure global marketability of the skills of Botswana.

f) *Access to Information, Technology and Markets*: The policy states presciently that “A pre-requisite for successful implementation of CEE programmes is access to information in terms of both opportunities

and technical knowledge. The CEE initiatives will only be successful if there is equality of access to appropriate information and Batswana participate in the networks which build business relations. Associated with access to information is access to markets and technology... Access to international markets is a key component of successful business growth..." (p 14).

6.4. Flipping the foregoing imperatives gives a sense of what the constraints on citizen economic empowerment are. It also helps to lay the contours of a credible theory of change for CEE and avoiding the pitfalls that other countries have fallen into. Three of these pitfalls, or risks are manifestly clear in Botswana's debate on CEE. They are:

a) *Narrow conception of Citizen Economic Empowerment as the empowerment as the transfer of opportunities from foreign to citizen entrepreneurs:* Experience from other countries, notably Zimbabwe, South Africa and Russia, shows that little public good and no strategic objectives are advanced by transferring opportunities and wealth from foreign investors to citizen investors. This conception of CEE may result in the creation of a small number of very rich citizens but costs the economy much more in terms of output, talent, innovation, jobs and potential. Botswana cannot compete for the global talent, technology and skills it needs to build a successful knowledge economy if it pursues a CEE approach based on this narrow conception of CEE. The version of CEE that serves the public good the most recognises other stakeholders in CEE beyond the entrepreneurs. For instance, for the majority of citizens, economic empowerment means secure, well-paying employment. For consumers, it means expanding choice and better prices. There is, therefore, need for an approach to CEE that balances the aspirations of citizen entrepreneurs with those of workers and consumers, and above all the capacity of the economy to grow not only in output terms but also in terms of competitiveness.

b) *The fallacy of attribution or false causality:* Engagement with stakeholders indicates the existence of a strong view that Batswana are at the margin of the economy because foreigners are taking opportunities. This is in part the logic that informs what others see as a potentially ruinous use of reservation policies. As one citizen stakeholder put it, citizen economic empowerment is not a zero-sum game in which a foreigner must lose in order for a citizen to gain. Successful foreign investors bring critical assets into the economy, enterprise and skills, and create business and job opportunities for citizens.

c) *The risk of a destructive form of nationalism and xenophobia:* Flowing from (a) and (b) above is the risk of extreme form of nationalism, or worse, xenophobia, influencing Botswana's CEE approach. In fact, some respondents' have expressed a view that CEE must look beyond nationality and target indigenous Batswana, "Batswana ba sekei" in local parlance. The same debate is quite rampant on social media.

d) *The anti-Foreign Direct Investment Risk:* There is also evidence that a significant number of stakeholders believe that the value of FDI to Botswana is exaggerated. This view is completely at variance with Botswana's development and the, and ironically, the admission of the role of FDI in Botswana's development that the call for citizen economic empowerment in fact acknowledges. The partnerships for development that Botswana needs to achieve rates of growth (7%) necessary to empower Batswana economically and free them from poverty, and to transform the economy, include successful mobilisation of FDI to fill the resource gap (capital, skills, technology and creativity) in Botswana.

6.5. Botswana can also learn from the experiences of other countries using for example the construction sector as a vehicle for citizen economic empowerment. Local Resource-Based Methods (LRBM) link infrastructure development with job creation, poverty reduction and local economic and social development. In using local labour and other resources they create much needed employment and income, reduce costs, save foreign currency, and support local industry while increasing the capacity of

local institutions. LRBM combines local participation in planning with the utilisation of locally available skills, appropriate technology, materials and work methods. This has proven to be an effective and economically viable approach to infrastructure works and jobs creation in many countries.²³ Indirectly, the infrastructure, typically at community level, can help spur local economic development and will thus contribute to sustainable job creation.

6.6. Citizen Economic Empowerment (CEE) should be a priority for Botswana and the post post-COVID-19 recovery process. It is an imperative for both economic inclusion and social stability. It must, however, be done with great circumspection and recognition that there are no quick fixes. Engagement with stakeholders suggests there are two broad categories of measures for promoting citizen economic empowerment. The first category of measures, which should be the priority, seek to strengthen the critical competencies of citizens and citizen owned enterprises. They consist of: (a) the transforming of public education and public health to suit the objective of building globally competitive human capital and; b) strengthening the capabilities of citizen entrepreneurs and citizen owned enterprises. A robust education system that excels in the fields of Science, Technology, Education and Mathematics (STEM), and the development of critical thinking, problem-solving and soft skills is a foundational requirement for CEE. Empowering entrepreneurs and their firms requires: a) effective development of core competencies, including management, technological uptake, and market penetration; b) the resolution of constraints such as lack of quality business development and support services, lack of access to resources such as finance, land and skills; and c) facilitating business to business linkages and partnerships with mature firms; and d) efficient and fair regulation.

6.7. The second category of measures is that of regulation. There is scope for creative socially beneficial use of regulation to empower citizen firms and communities, but there are significant pitfalls that should be avoided. Injudicious use of regulation can be counterproductive. It could raise inefficiency, drive input and product prices up, reduce domestic supply capacity, undermine foreign investment and growth, stymie inflows of talent and technology, and ultimately undermine citizen economic empowerment itself. It is therefore suggested that the use of regulatory measures to promote citizen economic empowerment be based on robust regulatory impact assessments and an adequate understanding of the incentive effects of every regulatory measure to avoid serious adverse unintended consequences.

7. Recommendations

7.1. The general consensus within the development community is that COVID-19 recovery plans have to be bold and timeously executed to have any chance of effecting successful recoveries from COVID-19. Countries are urged to “Act fast and do whatever it takes” (www.weforum.org), with the requisite quantum of effort estimated at about 10% of GDP. This becomes especially critical where the recovery plan is intended not just to return the economy to its pre-crisis trajectory but rather to pivot towards a high-performance trajectory of rapid, inclusive, diversified and sustainable growth. It will take more than a re-imagination of the Botswana economy to engineer a transformative recovery. Bold strategic bets will have to be taken, on infrastructure for instance, to engineer shifts in productivity, transform sectors such as manufacturing, tourism, agriculture and commerce, and open new drivers of growth. The crisis also presents an opportunity to initiate bold reforms. These include building a fit-for purpose public service

²³ See for example the ILO’s experience in implementing such programmes worldwide: https://www.youtube.com/playlist?list=PL8itJ-8CfpcwIAz_0uzXwrxxsJVKir3S3

(the new economy will require a public sector with a different ethos), restructuring a largely parasitic State-Owned Enterprise (SOE) sector, accelerating digitisation, and reassessing national priorities.

7.2. The recommendations set forth in this document recognise that the desired recovery will require a solid partnership between the government and the private sector in particular, with the support of civil society and development partners. Some of the urgent things needed to give the economy impetus can only be done by the government, e.g. infrastructure and regulation. Others can and should be undertaken by an organised and determined private sector under Business Botswana's leadership. However, any private sector COVID-19 response will have to complement and ride on a government response, not least because the private sector cannot, on its own, marshal the resources necessary to pursue an adequate recovery programme. Most important, and as it became apparent during engagement with firms, many of the constraints on growth and transformation require interventions that are typically government driven.

7.3. The recommendations presented here came out of stakeholder consultations and survey findings (see Annex 1). They were bolstered by the review of secondary data and literature (see Annex 5). While the world can learn from the economic recovery from epidemics such as SARS in Asia and Ebola in West Africa, the lessons from these epidemics are of limited application given the global impact the pandemic COVID-19 has. Nevertheless, there are some lessons that can be of use.

7.4. The recommendations and the activities proposed are firmly grounded in the guiding principles set out at the beginning of this document. The guiding principle is Building Back Better, which is also reflected in Business Botswana's intention to use the current COVID-19 pandemic induced economic recovery as a **turning point** to set the private sector on a path towards becoming a more resilient, inclusive, dynamic and self-reliant private sector. The private sector desires a recovery that sets Botswana on the path to a high-performance economy. The recommendations thus include proposed immediate actions (short and medium term) to be part of an economic stimulus programme, as well as a series of longer-term recommendations to set the scene for a brighter future.

7.5. Aside from a proactive private sector driving the recovery and in the future Botswana's economy, Building Back Better also entails other elements, such as creating a more inclusive, greener and resilient economy. Specific recommendations reflect these principles.

7.6. The recommendations are for ease of reading in the following divided into a set of actions (a.) that are needed immediately or in the short term to address the crisis. The second part refers to those that represent the turning point from the status pre-COVID-19 (b.) and will require a longer timeframe. The entire set of recommendations are presented in Annex 2, which also highlights the role the private sector can and should play, along with specific recommendations for the government and development partners. It thus includes numerous proposed activities.

a. **Immediate actions part of an economic stimulus programme and short to medium-term actions for recovery**

7.7. Lessons from countries recovering from Ebola show that access to finance, especially local currency loans so borrowers could avoid exchange rate fluctuations, was crucial.²⁴ The need for financing, due to revenue loss and cashflow problems, was also underlined by the research that informed these

²⁴ Hopps J. (2020): *Lessons Learned from Ebola: Thoughts from the Field*. Published by IFC Insights, [link](#)

recommendations. While the Government's **COVID-19 pandemic relief fund** was overall well received, going forward a few adjustments are recommended to improve access and to increase its impact:

1. Extend the duration of the wage subsidy until September 2020 for the tourism sector as well as some enterprises that rely heavily on imported input supplies, for which the supply chains have been disrupted and that cannot be quickly replaced by locally produced supplies.
 2. The following adjustments are recommended to the CEDA emergency relief fund:
 - a. Recapitalise the fund in order to meet the demand.
 - b. Provide loans without penalising those who could not repay CEDA loans in the past three months prior to the loan application due to the COVID-19 induced cashflow problems.
 - c. Provide a repayment holiday of six months for CEDA loans.
 3. Set in motion the provision of the government loan guarantees to commercial banks as soon as possible and jointly monitor the uptake to ensure access for all enterprises in need and relevance.
 4. It is recommended for the Ministry of Finance and Economic Development (MFED) to negotiate general terms of loan repayment holidays with commercial banks that include a clause ensuring that interest will not be compounded during this period.
 5. Finally, the addition of rent payment holidays is proposed to be included in the relief fund interventions in support of businesses. Rent payments typically constitute the largest cost for businesses, with business spaces are owned by a relatively small number of landlords. In turn, many of these landlords – individual as well as enterprises – solely rely on their rental income. A support scheme by the government for these landlords to provide a three-month rental payment holiday would help businesses in maintaining a cashflow while ensuring property owners do not completely lose months of income.
 6. The business support relief fund interventions should be communicated clearly, making access to the information easy, such as through a dedicated website or even a hotline.
 7. The establishment of a business health and safety committee with government and business representatives is recommended that aims to address the health and safety risks for businesses as they open up as well as in the event there is a surge in cases.
 8. Given that the tourism sector is hardest hit with a yet unforeseeable recovery path, it is recommended that Business Botswana develops jointly with the government a tourism emergency plan.
- 7.8. Another immediate action that will be required is for government to amend the Education Act so that the online provision of schooling during lockdown is considered as constituting the 180 to 200 days requirement for an academic year.
- 7.9. Investing in infrastructure is often part of measures to kick-start economies post crisis because governments can directly stimulate demand and job creation, compensating for the lack of private sector

and household spending.²⁵ Given the fact the infrastructure remains one of the biggest constraints to doing business, and that constructions works can be done a labour-intensive way, **intensifying government investment in infrastructure development** to become a corner stone in the recovery stimulus within the coming 18 months. During a recent infrastructure task force meeting between the government and Business Botswana it was suggested to prioritise infrastructure necessary to fight the COVID-19 pandemic, such as health care facilities, increasing the availability of water, upgrading of school sanitation and police stations etc.

7.10. In order to maximise the support of the entire economy through such an intervention local resource-based methods (LRBMs) and technologies should be used. LRBMs comprise work methods and technologies where the use of local resources (described below) is favoured and optimised in the delivery and maintenance of infrastructure assets. Local capacities and local materials are used to the greatest possible extent, but without adversely affecting the costs and quality of the specified works. Appropriate (light) equipment is used for support activities. Local resources include local labour, local materials, local knowledge, skills and culture, local enterprises (usually small- and medium-scale), local institutions (including local government, training institutions, trade unions and employers' organizations, Non-governmental Organizations (NGOs)), locally produced tools and equipment and local social capital (traditional structures, solidarity and trust).²⁶

7.11. At the same time, it is advisable to change the public works programme **Ipelegeng to use LRBM** so that it maximises the use of local resources and allows the private sector to be part of the scheme while continuing to pursue its currently primary goal of poverty reduction. Using LRBM approaches for social protection schemes such as the Ipelegeng is being done across the globe. Technical assistance to government and private sector in using LRBM is readily available.

7.12. A compelling lesson taught by Ebola was the chance to **develop diversified local supply chains**.²⁷ Disrupted global supply chains also present the same opportunity in Botswana to further advance on diversifying local supply chains. This provides in particular opportunities in manufacturing, such as for example fertiliser or fodder production in support of agriculture, or construction materials such as bricks and cement. CEDA's announcement on 15 May that it has set up a 30 million Pula Essential Supplies Loan facility to fund the establishment of manufacturing companies supporting the local production of products needed to handle the health crisis is a very welcome move into this direction, but should be further built on to ensure financing for all input supplies. This essentially requires a **broader, more diverse offer on financing mechanisms for SMEs**, driven by the private sector as well as the government (for example through equity funds, a movable collateral registry etc). **Private sector-led financing schemes to support supplier small, medium and macro enterprise (SMMEs)** include supplier finance such as credit guarantees or buying guarantees by large companies for their newly established suppliers. Moreover, creating a one-stop-shop for business registration through the Online Business Registration System (ORBS) as foreseen in the budget 2020/2021 should be accelerated.

7.13. However, the drive to buy locally should not only rest on the government's shoulders. **Sectoral business associations are encouraged to follow the example of the Botswana Chamber of Mines, which has a dedicated staff member to encourage mining companies to buy local and support**

²⁵ See for example Lieuw-Kie-Song, M. (2020): *The construction sector can help lead the economic recovery – Here's how*. Published by the ILO in Work in Progress, [link](#)

²⁶ International Labour Organization (2010): *Local Resource-Based Approaches for Infrastructure Investment. Source Book*. Harare: ILO

²⁷ Hopps J. (2020): *Lessons Learned from Ebola: Thoughts from the Field*. Published by IFC Insights, [link](#)

the testing of local supply products. The mining industry is furthermore working with local suppliers to improve their capacity and quality. The Botswana Chamber of Mines is the coordinating partner of the UNDP's Business Supplier Development Programme (SDP)'s mining sector value chain. Such initiatives help to create a pulling force to drive diversification. There are many other ways in particular large enterprises can support SMEs in producing their input supplies.

7.14. To increase trust in local products, certification is critical, also for food production. **Using quality standards where possible international ones for example for food grading help.** Thus, local certification costs need to be kept low to make it affordable, while the quality standards of imported products are checked vigorously to create a level playing field. At the same time an awareness raising campaign would be supportive to convince consumers to favour local products. Where incentivising import substitution is considered, it is recommended to use the least market distorting tools and policies possible (such as subsidies for buying local products rather than increasing import tariffs).

7.15. Managing the pandemic furthermore offers opportunities for digital innovation such as using apps for controlling visitor number of shopping malls. In the tourism sector, digital innovation can help to minimise human contact through online check-in and -out etc. Many other sectors will see their potential for digital innovation highlighted by the crisis. Such initiatives will support the ICT sector, in addition to what is suggested in more detail in the next section.

7.16. As outlined in the guiding principles, it is vital to turn the **agriculture** sector in a commercially viable sector. In order to help the agriculture sector back on its feet it is critical to document locally how the **value chains** are affected and where the biggest bottlenecks are.²⁸ Support interventions should then address the root cause of the constraint identified. This will not only provide agriculture with immediate help, but furthermore create more functional market systems that are inclusive. It also follows another Ebola lesson recommending that economic recovery efforts are focused on addressing economic constraints so that agricultural market systems are supported to promote long-term growth.²⁹ This will help making the agriculture sector more commercially driven. As such, reviewing agriculture programmes such as LIMID and ISPAAD based on their impact will be necessary.

7.17. The Government of Botswana highlighted in its “Guidelines for Botswana COVID-19 Pandemic Relief Fund” opportunities in agriculture, specifically in the horticulture, small stock and dairy value chains. **These interventions should include the private sector as a major implementation partner, with the private sector proactively accompanying this initiative, for example through provision of embedded extension services, contract farming etc. In particular in the dairy value chain there is room for commercial service providers.**

7.18. Such massive economic shocks as the COVID-19 pandemic are likely to result in a **shift from wage employment to (non-agricultural) self-employment** – as was witnessed in Sierra Leone after Ebola.³⁰ Opening **local marketplaces** and relaxing movement restrictions as much as possible while investing efforts and resources to make marketplaces accessible, more hygienic and safe, in particular for **women entrepreneurs**, will help. Furthermore, the social aspect of markets could be leveraged to

²⁸ Buckholtz A. (2020): *Ebola-era Lessons for the Private Sector*. Published by IFC Insights [link](#)

²⁹ Mercy Corps (2019): *The Ebola Effect: The economic impacts of a public health crisis: Lessons Learned for DR Congo from Liberia & Sierra Leone*.

³⁰ Kastelic K.H.; Testaverde M.; Turay, A.; Turay S. (2015): *The socio-economic impacts of Ebola in Sierra Leone: results from a high frequency cell phone survey (round three)* (English). Washington, D.C.: World Bank Group.

promote COVID-19 risk prevention messaging.³¹ Furthermore, a recent survey in Botswana found that negative experiences including adverse weather conditions, crime, and the threat of forced closure appear to be a more common problem for businesses operating in female-concentrated sectors. It is thus in this crisis-time critical to put policies in place that are aimed at ensuring women's physical security, including policies that help them to find more secure locations to operate their businesses, free of these and health-related risks. Moreover, women who became self-employed by necessity can be supported through secure savings mechanisms in order to increase their control over their finances and help them to separate business from household funds.³²

7.19. In relation to marketplaces, but also to construction and manufacturing in particular strengthened and clear **Occupational Safety and Health (OSH) standards** are critical. Compliance to stringent OSH standards is a crucial tool to minimise the risk of infection. **While OSH standards have been in place before, they were not always implemented thoroughly. This requires action on the side of businesses.** At the same time should the COVID-19 crisis be a steppingstone to consolidate a comprehensive national OSH policy as well as building the capacity to implement this policy. At the same time sectors that need the most support in this regard, such as construction and manufacturing, will need to be supported to identify existing capacities and gaps of enterprises. **The construction sector has already put forth its own improved OSH policies that for example require each a construction company to field a Safety, Health and Environment (SHE) officer at each construction site. The SHE officers will however be employed by an independent company to avoid her/him to report to the construction company.**

7.20. Finally, the private sector is called upon to rely on its own resources to continuously bolster its advocacy efforts by **data and market intelligence**.

b. Recommendations towards a more resilient, inclusive, dynamic and self-reliant private sector

7.21. In every crisis lies one or more opportunities. COVID-19 presents an opportune time to create a more inclusive economy in Botswana as it has exposed the vulnerability of the economy. First and foremost, social protection measures will need to be stepped up to leave no one behind. While Botswana has one of the best social safety nets in Africa, it does not have a contributory **unemployment insurance fund, whereby both workers and employers contribute**. Having such a fund in place would provide a better **business environment** by having access to a more skilled and productive workforce, increased and more stable consumption, positive contributions to local economic development, resilience during economic downturns, political stability, and changes in labour costs. It would furthermore increase the economy's resilience in possible future shocks or crisis. The International Labour Organization (ILO) has been working with Ministry of Employment, Labour Productivity and Skills Development for three years on preparing for an unemployment insurance fund. These efforts should be expedited. Research has shown that there is a broad private sector support for the establishment of an unemployment insurance fund. It is recommended that Business Botswana supports this through education and awareness raising among its members.

³¹ Mercy Corps (2019): *The Ebola Effect: The economic impacts of a public health crisis: Lessons Learned for DR Congo from Liberia & Sierra Leone*.

³² Cherchi L., Kirkwood D.J. (2019): *Crossovers in Botswana: Women Entrepreneurs Who Operate in Male-Dominated Sectors: Output for Women Entrepreneurship Study*. Washington, D.C.: World Bank Group.

7.22. A move away from in-kind transfers to **cash transfers on some social assistance programmes** such as for example the Vulnerable Groups Feeding Programme (VGFP), which could support the private sector would be further recommendable to bolster economic activity, in particular as it increases consumer purchasing power.

7.23. The crisis furthermore provides an opportunity to assess what is not working well with regards to labour laws. The process of **revising the labour law** has started prior to the crisis and is currently ongoing. Newer developments that came to the forefront through the crisis such as teleworking can be included through setting minimum standards. **The private sector should proactively provide inputs in this regard.**

7.24. Specific interventions are proposed to **support female high-growth entrepreneurs** in order to increase the inclusiveness of the economy. Targeted management training for these women entrepreneurs will not only help them, but also women wage workers, given that women-owned firms tend to employ a higher share of women as workers. Ideally, such management training is coupled with business plan competitions that will help identifying those with the highest growth potential. **Furthermore, exposing women to more profitable male-dominated sectors, such as through training, apprenticeship, and mentoring programmes implemented in collaboration between the Government and Business Botswana is helpful in encouraging women to start a business in these sectors.** Lastly, husbands should be sensitized that they can play a valuable role in supporting their wives as entrepreneurs.

7.25. **Youth-owned enterprises and start-ups** are thought to be the most promising potential beneficiaries of business development support. Opportunities for aspiring youth entrepreneurs are ample. However, youth are facing a particularly difficult eco-system that makes it hard for them to tap into these opportunities, further underlining the need to create a more inclusive ecosystem. Constraints include age requirements, including for access to land etc. Another critical challenge is for youth to access finance for their start-up. Dedicated programmes and innovation hubs targeting youth are recommended creating an eco-system that combines funding and mentorship for start-ups and youth entrepreneurs, such as through business angels. In particular the ICT sector will benefit from business acceleration programmes including funding, incubation, market access and governance that create a level playing field for local innovations. The Local Enterprise Authority (LEA) operates five innovation hubs. **The private sector is encouraged to make greater use of these. Furthermore, the Business Botswana could support youth entrepreneurs through a special mentoring scheme.** Furthermore, impact incubators are recommended to be set up and to **create incentives for channelling corporate social investment resources into impact incubators** to support youth entrepreneurship such in areas such as ICT, creative industries, finance, transport & logistics and tourism.

7.26. Access to finance for youth entrepreneurs will need to be addressed holistically as part of the mentioned interventions. Furthermore, the Youth Development Fund should be reformed to complement these efforts.

7.27. Stepping up and improving efforts in **skills development** to address the perceived skills gap and mismatch: This challenge provides an opportunity for stakeholders to review the rapidly accumulating training levy and devise short-medium term strategies to address skills issues. Competency-based skills development that involves the private sector throughout the process (such as selection of occupations, design or curricula, delivery, testing and certification) will help in ensuring that the labour market demand is met. **Business Botswana should initiate action and propose programmes to work on skills development with its members.** The Government is called upon partnering with the private sector and

ensuring that the private sector has capacity to roll out the programmes. Such programmes should include working with technologies, in line with the 4th industrial revolution.

7.28. Human Resource Development Council has been viewed as too bureaucratic. A review of the approach is recommended, including actions to better safeguard its autonomous status. Overall, reforming the **Human Resource Development Programme** will be required to ensure Botswana's children and youth are prepared for the future and can contribute to a diverse, innovative and dynamic economy. This will also require a focus on life-long learning.

7.29. **Investments in strategic infrastructure** beyond the economic stimulus proposed earlier are critical to improve business enabling environment, in particular with regards to energy and transportation infrastructure as well as affordable internet access. Given the huge investment needs, it is recommended to expedite the regulation of **public-private partnerships (PPP)**. Such a draft law has recently been developed and is awaiting approval. **The private sector could provide addition incentive in moving this agenda forward by putting together a list of potential infrastructure projects that would be suitable to be operated through PPPs, thus with private investment.** Furthermore, an advisory board for infrastructure development will make collaboration between involved institutions easier and can help to speed up processes. Botswana has the opportunity to position itself as a gateway to Southern Africa, in particular from a logistics perspective by creating a **Transport, Logistics and Finance Hub** in Francistown. This will require adequate transportation infrastructure with routes to all neighbouring countries. Railway infrastructure is particularly critical in this regard, while also supporting ecological goals and at the same time offering a more economical transit route through Botswana.

7.30. Financing these considerable infrastructure investments will require new paths for government resources, in addition to PPPs. Taxation offers such opportunities, from increasing Value Added Tax (VAT), introducing a fuel or even carbon tax, or taxing digital services and sales.

7.31. Overall, interviews with key stakeholders showed a strong consensus that Botswana has the **right policies, plans and strategies** in place. However, the implementation is lagging behind. Much faster execution is required. If the strategies are implemented fully, and existing regulation is enforced properly, the business environment will significantly improve.

7.32. A key example is the **Economic Diversification Drive (EDD) Strategy**, which is currently being updated. The EDD strategy is comprehensive and reaches into many sectors as well as the business enabling environment. It is amplified by numerous sectoral strategies. The expedited implementation of these strategies and plans would certainly boost the economy.

7.33. The **Digital Transformation Strategy** is an important example of sectoral strategies. COVID-19 has proven that Botswana is online and following social media and BTV given that a major part of the dissemination of information on measures to halt the pandemic were provided through these media. What is required now is political leadership to implement the Digital Transformation Strategy, drive the digital agenda and investments in the digital space to fully unleash the potential of the ICT industry. Digitalisation is a cross-cutting issue relevant in all sectors. As such, not only can government lead by offering e-government, digital payments for example for public transport etc, but **also other sectors can drive the digital agenda.** Again, the pandemic health crisis offers opportunities to encourage contactless business or learning as mentioned earlier.

7.34. The evaluation of the EDD strategy³³ identified **tourism** as an important sector for diversification. The tourism sector offers ample potential for diversification, in geographic as well as product terms: the Kalahari Desert offers a different nature-based tourism experience and would be a good add-on to wildlife-based tourism. In terms of product innovation, Botswana could position itself hosting conferences and expositions – in line with the above proposed setting up Botswana as a Southern African logistics hub. The necessary reinvention of tourism due to COVID-19 thus offers an opportunity to further drive diversification in this sector and increase the length of stay per tourist. While the tourism sector is hard hit by such health crisis, tourism’s resilience has been found to be a potent force in stimulating post-health crisis recovery. Aggressive marketing is recommended that does not remind target markets of the crisis but presents an image of ‘business as usual’.³⁴ The tourism policy is however the exception to the otherwise high-quality policies and strategies. It is outdated and urgently requires reviewing.

7.35. Similar to the ICT sector, the **Creative Arts and Media industry** offers ample diversification potential. Business Botswana’s Creative Arts and Media sector has put forth a comprehensive set of recommendations to tap into this potential, such as including the sector in the Cluster Development Initiative and creating an apex body for the promotion, funding and regulation of the creative arts industry.

7.36. The development of the **Special Economic Zones (SEZs)** has advanced well in the past two years. The SEZs offer good incentives for foreign businesses to invest in Botswana and as such to further support the diversification of the economy. The development of the SEZs requires to be fully funded if they are to fulfil their role in job creation and diversification. In 2018/19 foreign direct investment has created 413 direct jobs.³⁵ Such job creation, in particular SEZs due to their physical concentration, typically induce double as much indirect job creation. This significant job creation potential needs to be harnessed in the recovery from a crisis that will significantly increase unemployment.

7.37. **Local Economic Development** can furthermore be a driving force in diversifying the economy. This requires an adequately decentralised regulatory environment enabling local authorities to take charge of their own economic development. As per the Minister of Finance and Economic Development’s budget speech from February 2020, the decentralisation law is scheduled to be adopted in the financial year 2020/2021. Guidelines for Integrating Local Economic Development in Local Governments in Botswana have already been developed. The LED process has been piloted in four districts and the roll-out to other districts has been included in the original 2020 budget. In the four pilot districts (Francistown City, Chobe and Kgalagadi Districts and Sowa Town), **bankable business ideas and plans have been identified, which present an opportunity for the private sector to step into. Furthermore, Business Botswana’s Local Business Associations play an important role supporting local authorities in the development of LED plans.**

7.38. The crisis furthermore presents an opportunity to foster a **greener economy**. This should go beyond renewable energy sources already supported (such as solar power), but drive the development of green products and services across the economy. For example, recycling offers business opportunities with larger international firms having their own targets with regards to the Paris Agreement to fulfil. Such **opportunities should be pro-actively developed by Business Botswana and its members.** In

³³ Gaywea McIntosh, T. (2019): *Final evaluation report on the Economic Diversification Drive (EDD) Medium to Long-Term Strategy 2011-2016*. Submitted to Ministry of Investment, Trade and Industry. Final Working Draft (revision III), March 2019

³⁴ Zeng B., Carter R.W. & De Lacy T. (2005): *Short-term Perturbations and Tourism Effects: The Case of SARS in China*, Current Issues in Tourism, 8:4, 306-322

³⁵ Botswana Investment and Trade Centre (2019): *BITC Annual Report 2019*

tourism, eco-tourism can be further developed and marketed. In the construction sector there are also ample opportunities to use more eco-friendly input supplies or methods such as bioengineering. To fuel the development of a green economy, specialised financing schemes would be needed.

7.39. The pandemic health crisis has yet again underlined the importance of **improving the public and private health system** in Botswana. Proposed interventions have already been outlined in the document “Delivering Efficient, Equitable and Quality Health Services through Government-Private Sector Collaboration: *A Road Map for the Botswana Private Sector towards achieving the goals of National Health Policy 2017 – 2022*”.

7.40. Finally, reform programmes partially already set in motion will need to be continued. For example, **reforming the Human Resource Development Programme** to build globally competitive human capital and ensure that youth is either employed, self-employed or in training, rather than wasting the youth’s potential. This will also require investments in life-long learning, particularly through digital technologies. Likewise, **regulatory and Public Sector Reforms** that enhance efficiency and competitiveness require immediate implementation. Among these is for example a **review of mandates and business cases of public enterprises**, as foreseen in the 2020/2021 budget.

7.41. Engagement with stakeholders and a review of relevant documents, chiefly National Development Plan 11 (NDP 11), the Private Sector Development Strategy, the Economic Diversification Drive, and the Export Strategy provide clear guidance regarding some of the priority areas of focus in any attempt at engineering a transformative post-COVID-19 recovery as is further detailed in Annex 2.

8. Towards a Private Sector COVID-19 Recovery Plan

8.1. The Private sector in Botswana has taken the view that Botswana’s recovery from the damage wrought on the economy and society by COVID-19 should not be about a return to the pre-COVID-19 trajectory for the economy. A return to that path means that Botswana would not have addressed the critical challenges of low productivity and lack of competitiveness, slow and jobless growth, and economic exclusion for the youth, women and disadvantaged minorities, and the risk of marginalisation of Botswana itself from the global economy. Nor would it address the challenge of citizen economic empowerment.

8.2. The private sector desires a different type of recovery, one that sets Botswana on the path to a high-performance economy as suggested by the Minister of Finance and Economic Development in the 2020 budget. The transition to high performance economy, the essential features of which are high productivity and global competitiveness, is a necessary condition for Botswana to move from the base of global value chains, raise exports of value-added goods and avoid marginalisation from global prosperity. To these ends, the private sector, under the aegis of Business Botswana, proposes a bold recovery plan. The plan proposes a strong partnership between the private sector and the government to remove some of the critical bottlenecks on the performance of the economy. It suggests that for Botswana to achieve the levels of growth and economic transformation required to meaningfully and sustainably resolve the problems of poverty, unemployment and relative economic exclusion (of youth, women and citizens in general), it will have to make some major strategic bets. These are outlined under five interdependent strategic goals that contribute to two equally interdependent NDP 11 themes (thematic pillars), namely, Developing Diversified Sources of Economic Growth, and Human Capital Development. Table 11 shows the recovery plan goals and strategic objectives aligned to the NDP 11 themes.

Table 11: Strategic Goals and Objective for Diversifying Economic Growth

NDP11 Thematic Pillar	Strategic Goal	Strategic Objective/Outcomes
Developing Diversified Sources of Economic Growth	Strategic Goal 1: Saving firms and minimising the impacts of COVID-19 on the economy to lay the foundation for a speedy recovery	SO 1.1: Firms are stabilised to protect economy’s productive capacity and save jobs
	Strategic Goal 2: A globally competitive high-performance private sector to build a competitive high growth, inclusive, sustainable and resilient economy	SO 2.1: An enabling environment for the development of high-performance firms across sectors is built
		SO 2.2 Significant Progress is Made Across Sectors in strengthening Local Value Chains and moving up Global Value Chains across sectors.
	Strategic Goal 3: Using Infrastructure and Construction to Achieve Transformation and Citizen Economic Empowerment Goals	SO 3.1: The construction and engineering industry is transformed in terms of size, products and services, and citizen participation
	Strategic Goal 4: Efficiency Enhancing Public Sector Reforms to help fast-trek recovery	SO 4.1: Efficiency enhancing reforms are made at the legislative, policy/strategy and Public Enterprise levels
Human Capital Development	Strategic Goal 5: Globally Competitive Human Capital for a Competitive Economy	SO 5.1: Botswana’s education and health systems develop and preserve globally competitive human capital

8.3. The results framework in Annex 3 presents the goals, strategic objectives and strategic initiatives in more detail, bundling the various recommendation areas outlined in Annex 2. Annex 4 contains the consolidated action plan for the Business Botswana COVID-19 Private Sector Recovery Plan.

a. Developing Diversified Sources of Economic Growth

8.4. This is the main area of focus for the Private Sector COVID-19 Recovery Plan. The measures proposed fall under four (4) strategic goals and five strategic objectives as summarised in Table 11. There is a clear pattern of causality between the outputs proposed under each objective and the objective, and between objectives and the goals under which they fall, the objective under which they fall, all the way up the NDP 11 Pillar.

8.5. Achieving the first four goals in Table 11, is critical to diversifying the economy. Goal 1, to which the government of Botswana has already committed a considerable volume of resources, is concerned with saving as many firms as possible from bankruptcy and minimising the depth magnitude of the economic loss from COVID-19. Saving firms protects the economy’s productive capacity, lays the foundation for recovery and provides a decent platform diversification.

8.6. Goal two, which has two objectives, is perhaps the most important of the four under this pillar. It has two complementary objectives. Objective 2.1 houses five initiatives that contribute to the development of globally competitive high-performance firms by improving critical dimensions of the business environment. The first initiative targets the development of industry relevant skills through a mix of interventions, including continuous professional and leadership development, market focussed

curriculum reforms by Education and Training Providers, robust attachment, coaching and mentorship systems, and sector-based training programmes such as those offered by the Botswana Institute of Banking and Finance. The second initiative targets improvements in the range, quality and accessibility of business development and support services. The third targets significant improvements in both hard (rail, road and energy) and soft (ICT) infrastructure. Both are critical drivers of efficiency that are cited as problem areas in both the Global Competitiveness Index and the Doing Business Indicators. The fourth initiative addresses the need to create a suitable and supportive eco-system for youth to ensure their equitable inclusion in the economy. The fifth and final initiative focuses on strengthening Business Botswana as the mouthpiece of business and a critical service provider to address two critical drivers of reform, namely: market intelligence to open up new opportunities for the private sector, and evidence-based policy and strategy advocacy to drive regulatory reforms. Objective 2.2 houses five initiatives that drive transformation across sectors.

8.7. Goal 3 is about infrastructure development, and hence the objective of transforming the construction and engineering industry. There are three major initiatives under this goal. The first is using necessary infrastructure upgrades to increase protection against the spread of COVID-19 as a starting point to introduce Local Resource Based Methods (LRBM) to Botswana to ensure best possible inclusion of local construction firms. Likewise, it is proposed to convert the Ipelegeng social assistance programme to one using LRBM that also integrates skills development and builds relevant community infrastructure. Another initiative is a largely private sector driven initiative to transform the construction and engineering industry in two respects. One is improving the capacity of the industry to deliver quality projects, including mega projects. The other is increasing citizen participation in the construction and engineering industry. Although it is one of the oldest industries in Botswana, the construction and engineering industry has only a handful of large citizen-owned firms. The majority of large firms are foreign owned. The initiative proposes undisruptive measures to domesticate the delivery of projects as well as to empower citizen firms to undertake mega projects. The second initiative is a decade-old idea to transform the Francistown Special Economic Zone into a transport, logistics and commerce hub that services the SADC countries to the north of Botswana. The initiative is motivated by two strategic advantages. One is the location of Botswana between South Africa, the region's economic powerhouse, and the rest of the SADC countries. The second, is Botswana's political stability. By radically improving its road infrastructure, especially dualling the A1 road that connects Botswana to South Africa in the South and to Zimbabwe in the North, as well as the Francistown-Nata, Nata Kanzungula and Nata Kasane roads, and building a major container terminal and commerce hub in Francistown, Botswana could position itself to handle a large amount of the freight business to and from Johannesburg via Botswana. By expanding the Francistown airport, Botswana could divert a significant amount of the intercontinental continental transit traffic to and from the SADC countries to the north of Botswana from Johannesburg to Francistown. The development could be a boon for virtually all sectors of the economy, in particular tourism, commerce, construction, manufacturing and services.

8.8. Goal 4 has one strategic objective, "Efficiency Enhancing Reforms are made at the legislative, policy/strategy and Public Enterprise levels". It pursues regulatory reforms that improve the quality of the business environment and make it easier to invest and do business in Botswana. The objective houses three interventions in three areas that are critical to improving the quality of the business environment and economic efficiency. These are policy and legislative reforms, reforming the public enterprise sector and reforming centre local relations in pursuit of the transformative potential of Local Economic Development. Moreover, a consolidated Occupational Health and Safety Policy is part of this strategic

objective. Lastly, the development of a strategy and policy on greening the economy. All these reforms were set as priorities in the Minister of Finance and Economic Development's 2020 budget.

b. Human Capital Development

8.9. The plan asserts that human capital is the platform from which a nation's development aspirations are pursued. The single strategic goal under the NDP 11 thematic pillar Human Capital Development is Goal 5: Globally Competitive Human Capital for a Competitive Economy. It has one strategic objective that covers the two critical focus areas of human capital development, education and health. It reads thus: "Botswana's education and health systems develop and preserve globally competitive human capital". The objective prioritises transformative advances in education and health, both of which perform badly at present. It seeks reforms to the Human Capital Development Programme at the levels of the mainstream education system, life-long learning and health. In both education and health, digitisation is critical, especially the former, where opportunities for mainstreaming digital learning methods, from primary to tertiary education and skills development programmes, abound.

8.10. On education and lifelong learning, the plan proposes collaboration between the government and the private sector to ensure that education is universally good and universally accessible. The priority interventions are: Under education and lifelong learning, the priority interventions are upgrading school infrastructure, quantitatively and qualitatively, to meet the demands of building the quality of human capital Botswana desires and requires; reviewing curricular to direct education and skills development towards the jobs of the future; a robust programme of Continuous Professional and Leadership Development for teaching, support and managerial personnel to build capacity to reorient education towards the STEM fields and soft skills (initiative, problem solving, critical thinking, communication etc.); digitisation of schools through the development of ICT Infrastructure and affordable high speed internet. connectivity to facilitate learning in general and online learning in particular; review of the Education Act to recognise and facilitate online learning; reforming the governance of the education system to decentralise planning, and decision making to the regions/districts and schools; increased funding for research and development; and more effective governance of the training levy, including monitoring and evaluation systems. Overall, the plan suggests that Botswana needs an education strategy that delivers both first rate public education and first-rate private education.

8.11. With regards to health, an overhaul of the system to improve governance, infrastructure, financing, skills and supply chain management is proposed along what has been detailed in the document "*Delivering Efficient, Equitable and Quality Health Services through Government-Private Sector Collaboration: A Road Map for the Botswana Private Sector towards achieving the goals of National Health Policy 2017 – 2022*". Though developed prior to COVID-19, this document captures the challenges of Botswana's health system quite well and makes excellent and timeless forward-looking proposals that are relevant even during and post COVID-19. This recovery plan has adopted and summarized these proposals as increased public and private investment in health; improved governance of health to ensure efficient and effective collaboration between the public and private health care systems; development of a National Health Financing Strategy; development of incentives for the manufacture of pharmaceuticals and other medical products; improved overall Supply Chain Management (SCM); an efficient and effective public-private partnership for pre-service and in-service (CPD) medical and health education; and an integrated and coordinated health information system.

9. Management and Implementation Arrangements for the Private Sector Recovery Plan

9.1. To ensure effective implementation of the plan, and improve prospects for the successful achievement of results, it is proposed that the plan should have its own management, implementation and oversight structures. The guiding principles for the management of the programme are as follows:

- i) *Effective stakeholder ownership and buy-in:* It is essential that government and private sector stakeholders fully support the plan and commit to themselves to the performance of their respective roles to ensure the plan's success;
- ii) *Alignment with National Priorities:* The goals and objectives of the plan and the attendant strategic initiatives must contribute to readily identifiable national priorities. The plan thus links its goals explicitly to the National Development Plan 11 thematic areas.
- iii) *Management for Results:* The plan employs the Results-Based Management (RBM) ethos. It proposes clear set of internally consistent and mutually supportive SMART results, with clear indicators and targets, and proposes a Results Framework.
- iv) *Mutual accountability:* The partners to the plan are bound by mutual commitment to hold each other accountable for the performance of their respective obligations. This goes not only for the private sector and the government but also for development institutions and civil society.
- v) *Partnership development:* All stakeholders are committed to mobilising the strongest and broadest partnerships possible to ensure that the plan is adequately resourced. with all development partners including International Funding Institutions and civil society organizations. Both the government and the private sector will mobilise multilateral and bilateral partners for support (financial and/or technical) as well as civil society and private philanthropic institutions.
- vi) *Effective use of existing governance structures:* Although the plan has its own implementation structures, it shall make effective existing governance structures for public private sector dialogue and the implementation of the implementation of policies, strategies, programmes and projects.

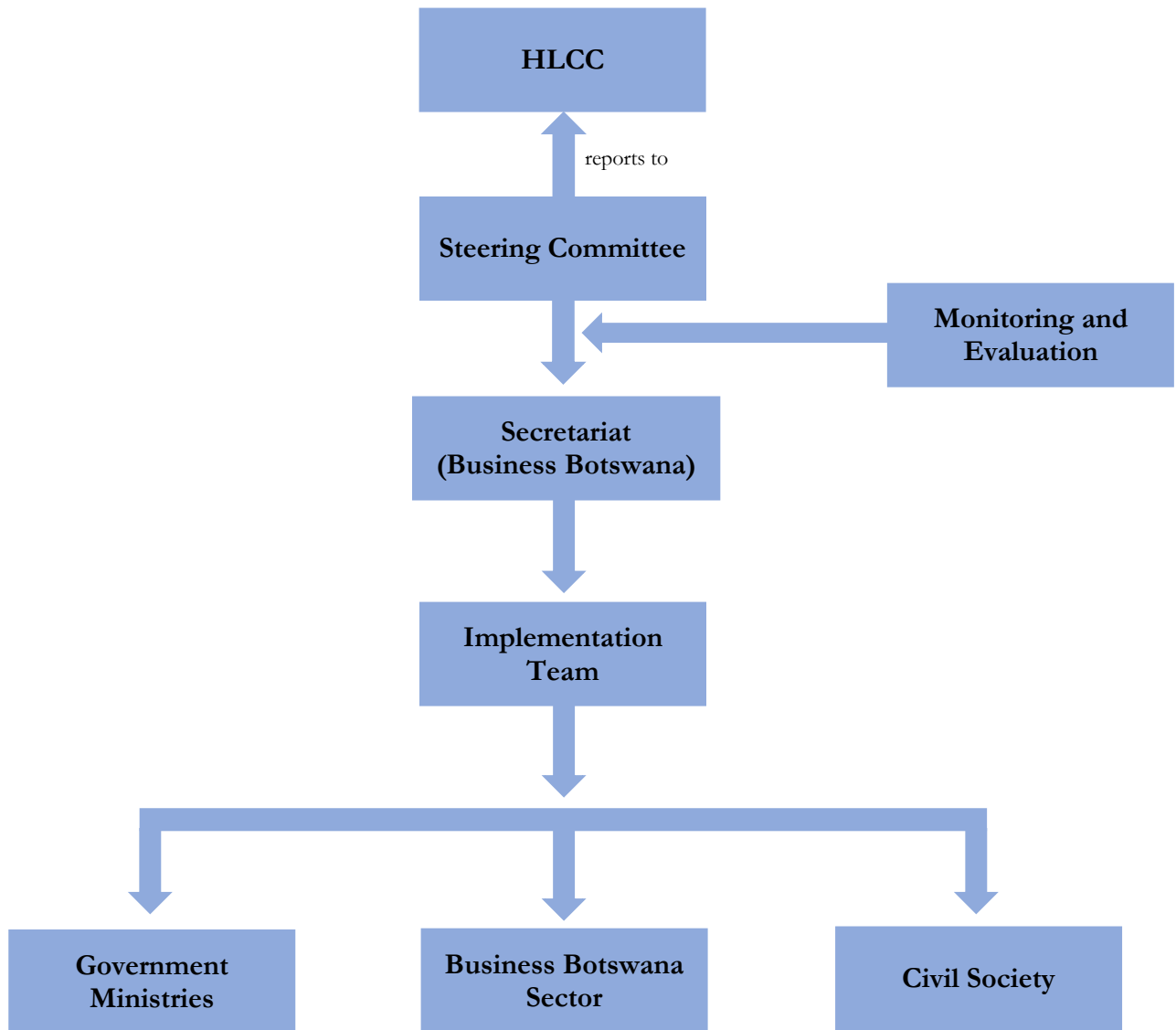
9.2. The recommended arrangements for the management, implementation and oversight of the programme are informed by the Prince2 programme/project management ethos. They are as follows:

- a) Steering Committee: The Steering Committee is the apex structure in the management and implementation of the plan. It has overall responsibility for the implementation of the plan. Chaired by the President of Business Botswana and a Senior Government Officer (Permanent Secretary Level), it reviews and approves work plans, authorises any changes proposed to the plan and approves all plan deliverables. Essentially, the Steering Committee is responsible for all executive level management decisions, including assigning briefs to the secretariat. The Steering Committee is the link between the plan and government implementation structures, namely the Sectoral High-Level Consultative Councils and the High-Level Consultative Council (HLCC). It works through a secretariat, which shall be Business Botswana, and reports to sectoral HLCCs quarterly through the CEO of Business Botswana and to the HLCC biannually through the President of Business Botswana and his government -co-chair. The Steering Committee will consist of Business Botswana Sectoral Chairs, senior representatives of the Government,

preferably Permanent Secretaries, and senior representatives of development partners and civil society.

- b) Project Implementation Team: It is proposed that a project Team based at Business Botswana be put together to coordinate the implementation of the plan. The team shall consist, at a minimum, of a Project Coordinator and Project Assistant. It is responsible for the day to day management and decision-making on the plan within the authority assigned to it by the Steering Committee. The team is supervised by the CEO of Business Botswana or his designated representative and is responsible for the coordination of all planning and reporting on the plan. The actual implementation work shall be undertaken and driven by Business Botswana sectors, which are responsible to ensure timely implementation according to the to be developed sectoral action plans. The sectors will coordinate with government departments, public enterprises and civil society with regards to activities that require their separate action or cooperation, depending on the nature of the activity. The sectors will report back to the CEO of Business Botswana. The Project Implementation Team will facilitate and coordinate all implementation work.
- c) Monitoring and Evaluation Team: The monitoring and evaluation team undertakes objective and independent monitoring and implementation of the plan to support the oversight role of the Steering Committee. Its duty is to confirm whether planned activities are executed on time, whether planned outputs are delivered on time and to specification, and whether progress is in fact being made towards the desired goals, i.e., are the outputs delivered aggregating towards the impacts sought.

Figure 9: Management and Implementation Arrangements



Annex 1: COVID-19 private sector impact and recovery needs research methodology

The research to gather inputs for the private sector will consist of two streams: two surveys and key stakeholder interviews.

1. Surveys:

Business Botswana members

The target group of the questionnaire were all members of Business Botswana (BB). BB has about 2,000 members, of which about 90% are small enterprises, 5% medium-sized enterprises and 4% large enterprises. A questionnaire to be filled in on paper or by computer was developed jointly with BB and with inputs from the ILO. It was launched on 11 May 2020 through BB. 48 valid responses were received, constituting a margin of error of 14%.

Business Botswana Sector Chairpersons

A second questionnaire was developed that looked more into sectoral themes. This questionnaire was be sent directly by the BB CEO to the chairpersons on 12 May 2020. Chairpersons for key sectors were in addition interviewed as part of the key stakeholder interviews.

2. Key stakeholder interviews

BB Chairpersons of selected sectors either fulfilling critical functions in Botswana's economy or deemed as relevant for economic diversification were interviewed. Furthermore, other relevant stakeholders and experts were included in the interviews:

Organisation	Name	Position
DNA Economics	Yash Ramkolowan	Lead consultant for Economic Diversification Drive Strategy Review
Quipoco	Gavin Viljoen	CEO
Botswana Chamber of Mines	Charles Siwawa	CEO
Business Botswana	Caesar Tshupelo	Construction Sector Chair
	Mike Joyner	Manufacturing Sector Chair
	Lily Rakorong	Tourism Sector Chair
	Gao Radikwata	Agriculture Sector Chair
	Neo Nwako	ITC Sector Chair
	Vikash Ponangi	Retail Sector Chair
	Humphrey Nawa	Vice President/North
	Tuelo Joseph Ntwaayagae	Health Sector Chair
Coca-Cola Beverages Botswana	David Chait	General Manager
Econsult Botswana	Keith Jefferis	Managing Director
International Labour Organisation	Maria Machailo-Ellis	Employers Specialist

United Nations Development Programme (UNDP)	Boitumelo Mbaakanyi	Project Coordinator, UNDP Supplier Development Programme
World Bank	Patrick Kabuya	Acting World Bank Botswana Representative
	Ganesh Rasagam	Lead Private Sector Specialist
	Anna Carlotta Allen Massingue	Acting Country Economist – Botswana and Namibia
	Claudia Carlisle Meek	Financial Sector Development Specialist
Ministry of Finance and Economic Development	Kelapile Ndobano	Secretary for Economic Affairs
Ministry of Investment, Trade and Industry	Joel Sentsho	
Special Economic Zone Agency	Barry Condron	Deputy CEO
	Stephen Deegan	Deputy CEO
UNDP Social Protection Consultant	Nicholas Freeland	

Annex 2: Matrix of Recommendations

(attached)

Annex 3: Results Framework

(attached)

Annex 4: Action Plan

(attached)

Annex 5: Bibliography

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