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BUSINESSBOTSWANA

Business Botswana - Review and update of the Private Sector Development Strategy

UPDATED PSDS

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LIST OF ACRONYMS

ACFTA	African Continental Free Trade Area
AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
BB	Business Botswana
BDC	Business Development Company
BDSP	Business Development Service Providers
BEMA	Botswana Exporting Manufacturers Association
BDIH	Botswana Digital Innovation Hub
BITC	Botswana Investment and Trade Centre
BMC	Botswana Meat Commission
BNPC	Botswana National Productivity Centre
BOBS	Botswana Bureau of Standards
BOCCIM	Botswana Chamber of Commerce, Industry and Manpower
BOHOCO	Botswana Horticulture Council
BOTEC	Botswana Technology Center
BQA	Botswana Qualification Authority
BURS	Botswana Unified Revenue Service
CBO	Community Based Organization
CEDA	Citizen Entrepreneurial Development Agency
CEE	Citizen Economic Empowerment Policy
COMESA	Common Market for Eastern and Southern Africa
DBI	Doing Business Indicator
EDD	Economic Diversification Drive
ERTP	Economic and Recovery and Transformation Plan
ESG	Environment Social and Governance
EU	European Union
FAO	Food and Agriculture Organization
FAP	Financial Assistance Policy
FDI	Foreign Direct Investment
FIES	Food Insecurity Experience Scale
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
HATAB	Hospitality and Tourism Association of Botswana
HLCC	High Level Consultative Council
HNWI	High-Net-Worth individuals
ICT	Information and Communications Technology
IDP	Industrial Development Policy
IO	Intermediary Organizations
IPP	Independent Power Producer
LEA	Local Entreprise Authority
LIMID	Livestock Management and Infrastructure Development
LLCC	Local Level Consultative Council
MA	Ministry of Agriculture

ME	Ministry of Education
MFED	Ministry of Finance and Economic Development
MFI	MicroFinance Institution
MTI	Ministry of Trade and Industry
MTR	Mid Term Review
NDP	National Development Program
NEP	National Entrepreneurship for Botswana
NES	National Export Strategy
PPP	Public Private Partnership
PSD	Private Sector Development
PSDS	Private Sector Development Strategy
RITC	Rural Initiative Technology Center
SACU	Southern Africa Customs Union
SADC	Southern African Development Community
SADCC	Southern African Development Coordination Conference
SCARDA	Strengthening Capacity for Agricultural Research and Development in Africa
SDG	Sustainable Development Goal
SEZ	Special Economic Zones
SLCC	Sector Level Consultative Council
SME	Small and Medium-sized Enterprise
SMME	Small, Medium and Micro Enterprise
STEM	Science Technology Engineering And Mathematics
TOR	Terms Of Reference
TSI	Trade Support Institution
UNWTO	United Nations World Tourism Organisation
USA	United States of America
USD	United States Dollars

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1. INTRODUCTION

1.1 Role of private sector in economic development

Private sector is very crucial in achieving sustainable socio-economic development of a country. The private sector is the segment of a national economy that is under the ownership, and management of individuals, groups, or enterprises, as opposed to being directly owned and managed by the government (Investopedia.com). Challenges and opportunities facing nations are too large to be tackled by public institutions alone hence the need for private sector to contribute. According to the Asian Development Bank (2000), it is widely accepted that the private sector is needed and better suited for leading rapid and sustainable growth than public sector. *P*rivate sector is the engine of economic growth responsible for generating income, creating jobs, increasing trade, providing critical goods and services to the nation and beyond, substituting imports, and generating revenue for the government to fund social and economic infrastructure basic public services such as health and education. In addition, private sector is also believed to be capable of implementing projects in a more efficient and effective manner. Experience has shown that, when properly regulated and operating under competitive market conditions, the private sector can generally use resources more efficiently than the public sector (ADB, 2000). By being more active, private sector relieves government the burden of carrying the economy as a producer, leaving it to concentrate on a more facilitating and regulatory role. The role of private sector is not limited to financing and investment – it expands to innovative capacities, human resources, know-how and technological inputs which also contribute to driving economic growth. As a development actor, private sector drives sustainable economic growth by bringing with its opportunities in value creation. It is also the fact that, achieving sustainable development will improve the environment for doing business and building markets.

The World Bank further reinforces that private sector activities and investments are major sources of economic growth, job creation and sustainable development. On average, the private sector contributes more than 80 per cent of government revenues in low- and middle-income countries through company taxes, resource rents and income taxes on employees. It generates more than 90 per cent of employment in developing economies, including both formal and informal jobs (Avis, 2016; Department of Foreign Affairs and Trade, Australian Government, 2014). More than 700 private businesses in Africa are large enough to generate more than $500 million a year in revenue (Leke, Chironga and Desvaux, 2018). Large companies (with 100 or more employees) generate between $1 billion and $1.4 trillion a year in profits.

In Africa, although private sector businesses are small, informal, inefficient, lowly productive and struggling to survive due to financial and market constraints, they still account for very high proportion of employment, and they are the backbone of African economies (ITC, 2018). In the case of Botswana private sector is expected to transform the performance and sustainability of the economy through export focused diversification from the traditional state-controlled mining sector that has dominated the economy since independence. Botswana's economy is dependent on government revenues and especially on the mining sector. The economy remains fragile as it is exposed to price fluctuations. The COVID 19 pandemic has accentuated this fragility, the private sector still playing a marginal role. However, the involvement of the private sector is an alternative to support the economy. The National Development Plan 11 points out that the private sector is more efficient in allocating resources to production and that its profit-driven nature dictates cost minimisation and especially less bureaucratic activities. These elements are opportunities for the improvement of the economy. However, there is a need for an enabling environment for the private sectors, such as the existence of a highly productive of the workforce, the availability of appropriate infrastructure, an effective regulatory framework, and stable macro-economic environment. Ultimately private sector's income, employment, productivity and export benefits contribute to achievement of the sustainable development goals (SDG's).

1.2 Importance of creating a deliberate PSD strategy

The importance of private sector in achieving sustainable socio-economic development makes it fundamental for any country to deliberately craft a well-thought-out strategy to support private sector productivity, efficiency, competitiveness, growth and subsequent contribution to national development. This private sector development strategy articulates a systematic and coherent framework for private sector development efforts in a country. The framework identifies key opportunities to be exploited, key challenges to be addressed, key actors to play roles as well as the different approaches and activities contributing to private sector development. A private sector development strategy will stimulate the development and growth of the private sector in Botswana to play its role in socio-economic development. The strategy identifies interventions that will contribute towards establishing an enabling environment to spur entrepreneurial development and attract foreign and domestic private investment. Secondly, the strategy seeks to generate business opportunities for the private sector. This is achieved by identifying trade expansion opportunities in foreign mainly markets, current constraints and the appropriate interventions to enable the private sector to access and exploit these opportunities.

This identification makes planning, resource mobilization, stakeholder engagement and other activities more coordinated than when there is no deliberate strategy. The PSDS also outlines how government can create an enabling environment for domestic and foreign private investors and shifting the role of government from owner-producer to facilitator-regulator, and the large adjustment costs associated with such a shift. Similarly, it also outlines the actions that private sector should take to position itself for emerging opportunities and challenges – making actual implementation more focused. To have focused development as a country, it is important to have a single, stable and well thought out framework to guide the nation's private sector development.

The declining contribution of diamond mining to the economy of Botswana triggered the need to diversify as there was evidence that the country could not depend on diamonds alone. In this situation, diversification of the country's economy into other sectors promised to be the solution. In response to this, the first private sector development strategy (PSDS) was developed in 2008 to provide a framework for growing Botswana's private sector for 5 years. A Private sector development program (PSDP) was crafted to implement some components of the PSDS from 2015 to 2017. The PSDS and PSDP have not been updated despite the various transformations the country and the world have undergone especially COVID 19 pandemic as well as new government policies and strategic initiatives. With the changing socio-economic situation and the clear impact of covid-19 on Botswana, the 2008 strategy is no longer relevant to the needs of private sector development.

Given the important role the private sector plays and will continue to play in meeting Botswana's national socio-economic goals of sustainable growth, economic diversification, employment creation and poverty reduction, it is important that the constraints affecting its growth are identified and addressed systematically and in a coordinated approach. The PSDS strategy is designed to provide a systematic and coherent framework to promote the development and growth of the private sector to play its role as the engine for growth development.

The main mission assigned to Business Botswana is "To serve as the unified voice of business striving to enhance the business environment and build the vitality and competitiveness of private sector in Botswana". This mission has been adopted since its inception, and is in line with Vision 2036, the government's framework documents for the development of Botswana in the coming years. The development of the private sector is one of the key success factors of the country... Diversification (of production and exports) is currently the focus, and the sectors of opportunity and priorities for intervention have changed since 2008, influenced by the global context, the environment, and the needs of businesses and the population.

The PSDS is expected to address and synthesise the issues and reforms related to the private sector as well as the sectoral reforms to be undertaken, to:

- Support the development of entrepreneurship and the emergence of growth sectors in Botswana.
- Raise the interest of technical and financial partners for the development of the private sector in Botswana.
- Frame the various actions/reforms to be undertaken for the development of the private sector by ensuring that they have a real impact (i) directly on private sector actors and territories and (ii) indirectly on the country in general.

1.3 Focus of the strategy document

This strategy document is a review and update of the PSDS document which was developed in 2008 with the intention of implementing private sector development initiatives between 2009 and 2013. It was agreed that there have been significant changes in the environment which call for an update of the strategy. The private sector development strategy aims at stimulating the development and growth of the private sector in Botswana to play its role in socio-economic development. The strategy identifies interventions that will contribute towards establishing an enabling environment to spur entrepreneurial development and attract foreign and domestic private investment. The strategy also outlines business opportunities for the private sector in both local and international markets and as well as the constraints which private sector and its stakeholders must deal with to access and exploit these opportunities.

1.4 Ownership and support structures of the strategy

The private sector development strategy is a national strategy whose development and implemented is coordinated by Business Botswana in its capacity as the apex body that represents all clusters of private sectors in the country. The last PSDS recommended that private sector development should be coordinated by an apex body, and this was operationalized in 2015 when Botswana Chamber of

Commerce, Industry and Manpower (BOCCIM) was transformed to Business Botswana. Since Business Botswana assumed the mandate of being the voice of private sector that leads the way for private sector development in the country, the future economic growth and diversification under the leadership of Business Botswana. The organization must therefore lead development of a clear national strategy of private sector development which focuses on high potential sectors and areas for a quick turn-around. However, the strategy carries inputs and contributions from government, civic and private sector stakeholders who affect or are affected by the strategy. The strategy development was made possible with generous support from the African Development Bank (AfDB).

1.5 Arrangement of the document

The document is divided into two parts – the first part up to Chapter Four (4) presents an analysis of the situation in the country, the private sector and progress made in the past PSDS and PSDP. This introduction (Chapter One) set the scene by looking at the importance of private sector in an economy and why a private sector development strategy is necessary. Chapter Two (2) focuses on an analysis of the current context of the strategy covering the socio-economic as well as the state of different national priority sectors. Chapter Three (3) covers an analysis of the private sector in Botswana highlighting its challenges and opportunities while Chapter Four reviews the achievements, enablers and challenges of the past private sector development strategy of 2008 to 2013. The second part of the document focuses on the updated private sector development strategy. It starts with Chapter Five which looks at the purpose of the new strategy, including its vision, mission, strategic pillars and key strategies. This is followed by Chapter Six which covers the hard and soft enablers before Chapter Seven covers the expected risks and mitigation strategies. To conclude the new strategy, Chapter Eight focuses on the funding of the strategies while Chapter Nine presents the monitoring and evaluation approaches to ensure achievement of the objectives.

2. SITUATION ANALYSIS

2.1 Socio-economic overview

Since its independence in 1966, Botswana has been one of Africa’s fastest growing economies averaging about 5% per annum. This rapid growth in the decades after independence has been on largely driven by the country’s state-managed diamond and mineral wealth, supported by political stability, relatively low population, and good management. In Africa, Botswana stands out its successful policies, macroeconomic stability and economic performance which have contributed to significant investments in infrastructure, education, health, and social protection but more can still be done. Botswana’s situation shows a relatively stable country, with strong political, social, and economic fundamentals and dominance of the public sector (Government) in economic management.

Despite the celebrated success and stable macroeconomic environment, the economy has underperformed in terms of diversification (which has been on the national agenda for decades), job creation and income inequality as indicated by the Human Development Index report. The economic dominance of government has compromised the competitiveness of the private sector leading to a low contribution to the national GDP and exports. For instance, in 2017, Botswana’s private sector contributed only 9.7% of the total value of exports, employed 48% of workforce. The trend of key national economic indicators is not impressive as exports are dropping, Foreign Direct Investment is falling, and unemployment is rising.

Before the COVID-19 pandemic in March 2020, Botswana was already trying to turnaround its economy which was characterised by sluggish real GDP growth (averaging 2.6% between 2015 and 2019), persistent and high rates of unemployment (20.7%) and poverty (16.3% in 2015/16), deteriorating export performance, growing inequality, low productivity, and low competitiveness. While Botswana is experiencing general COVID-19 induced, economic and social impact, the situation in the pre-COVID19 era was not very desirable (COVID 19 pandemic Private sector recovery plan). COVID 19 only worsened the situation by reducing economic activity causing business closures and retrenchments especially in the tourism sector due to dependence on human movement, mining due to a fall in global demand, and contact-dependent services due to movement restrictions. Socio-economic impacts included loss of income, individual and corporate bankruptcy, deteriorating quality of life, hunger and malnutrition, growth in unemployment, increased vulnerability to shocks, and negative reported losses due to closures or low business activity. In addition, government also shifted resources and borrowed to finance emerging needs in the health sector (health care) and to bail out businesses (wage subsidies, loan guarantees, tax/levy waivers, loan repayment holidays). This effectively diverted attention from the economic turnaround thrust of the pre-COVID era.

In response to the unpleasant economic trend, the Government led by His Excellency President Mokgweetsi Masisi came in with a string commitments and disposition towards private sector-led, and export focused development and diversification of the country’s economy since 2018. The economic re-orientation of the country towards a diversified economy has placed the private sector in the centre stage as the engine for economic development and growth. The thrust is to amplify the contribution of other sectors to reduce overdependence on diamonds. This should be led by private sector with external markets as the ultimate target. It is the opportune time for Business Botswana to take up its leadership role in driving private sector participation in and contribution to national development, raising the unified voice of business in Botswana, and strengthen advocacy. More importantly, Business Botswana should strengthen its role in policy advocacy, private sector capacity building and extend its oversight on, and participate more aggressively in key national issues like economic diplomacy, national budget, labour and industrial laws, fight against corruption, competition policy, promotion, and national branding among others.

2.1.1 Population and demographics profile

In 2022, the country's population is estimated at 2,445,000, of which 25% are rural and 75% urban. This growing urbanization trend is increasing at a rate of 2.6% per year. The average age in Botswana increased by 3.37 years between 2012 and 2020, from 22.33 to 25.70 years. The population is 51% female and 49% male, with the percentage of the working population declining in favour of the dependent population (total dependency ratio of the population: 60.7%).

2.1.2 Productivity (gross domestic product)

Botswana's GDP growth has been below expectations mainly due to the global economic crisis around 2009, the fall in commodity prices around 2015, the COVID 19 pandemic in 2020 and the Russian invasion of Ukraine in 2022. For instance, while the NDP11 target growth was 4.4% from 2017 to 2021, the national GDP averaged 2.9% over the period. The PSDS is therefore being developed within the context of an underperforming economy in terms of overall national productivity. According to the TNDP (2023), the fastest growing sectors between 2016 and 2021 include wholesale and retail, public administration, and diamond trading all with over 4% growth. Service sectors like business and administration services, ICT, financial services, education and health and construction had average growth rates between 2% and 3%. The top 5 contributors to GDP in 2021 were public administration (19%), Mining (11%), Trade (11%), Construction (11%) and Business Admin services (8%). This distribution of GDP shows that apart from diamonds, the PSDS is developed within the context of an economy that still has underexploited potential for diversification into other high growth sectors.

2.1.3 Trade overview

Botswana's imports and exports trends show that, the national trade balance has been in deficit for the past 15 years, except in 2016 to 2018 when exports exceeded imports thanks to a massive diamond export. Statistics show that from 2018, imports started growing as exports were sharply declining leading a growth in the trade deficit from BWP2,6B to BWP11.7B in 2021.

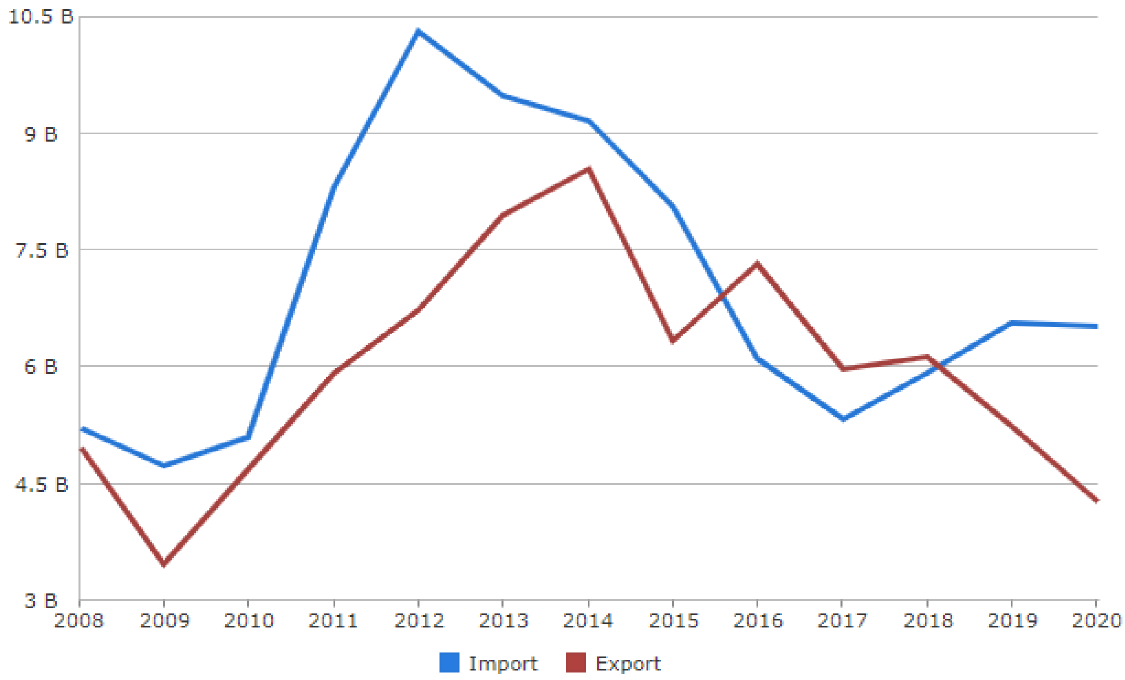

Figure 1: Botswana's imports and exports in BWP Billion from 2008 to 2020

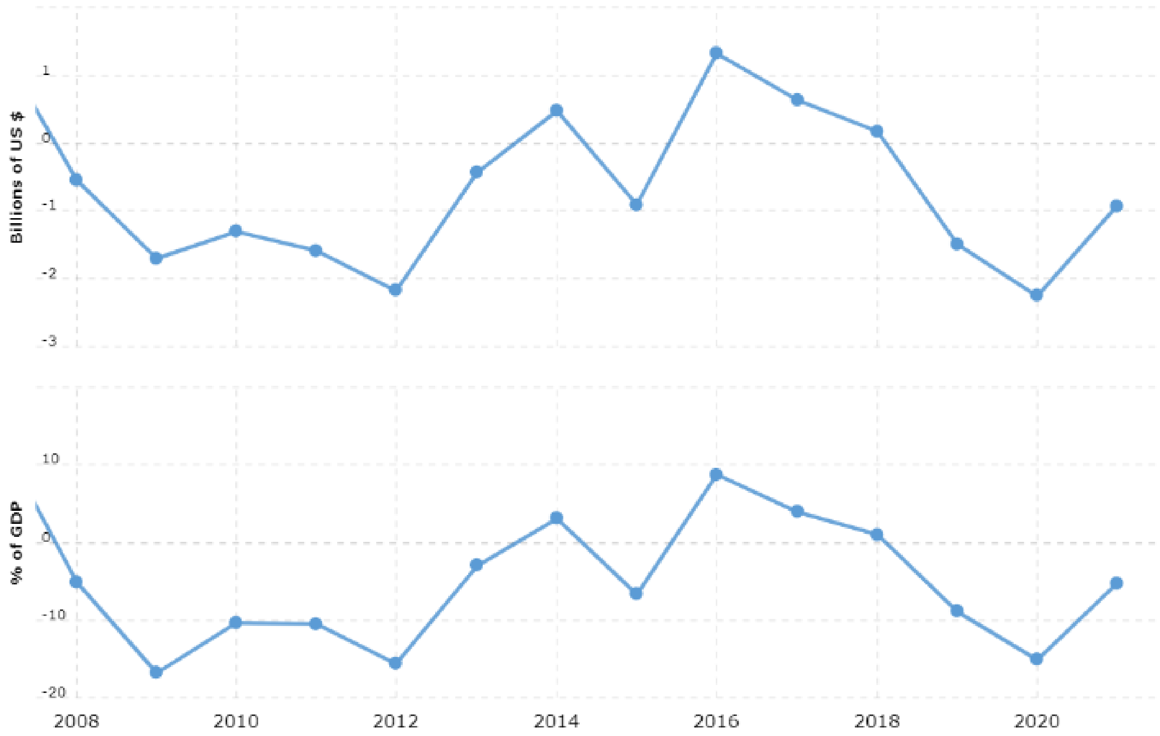

Figure 2: Botswana's trade balance from 2008 to 2020 (USD Billion and Percentage of GDP)

Since 2014, Botswana's exports have been on a downward trend from BWP123,5B in 2014 to BWP61.1B in 2020. At the same time, imports started to grow from 2017 thereby growing the trade deficit. This further reinforces the fact that the country's economy was been deteriorating before COVID-19.

Botswana's main import bill comprises fuel, foodstuffs, machinery, electrical goods, transport equipment, textiles, fuel and petroleum products, wood and paper products, metal and metal products. While the import basket is diverse, the export basket is not that wide as it comprises Diamonds (88%) and 12% other products like copper, machinery and equipment, salt and soda. This further calls for diversification of income sources. According to the Bank of Botswana Financial Statistics, Botswana recorded a trade surplus of BWP3.544 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%, 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.

2.1.4 Business climate

The business climate depends on several factors, including the regulatory framework for the private sector, transparency of public finances, corruption, security of goods and people, speed of businesses processes, FDI incentives, trade regulations, customs regulations, investment facilitation laws, and infrastructure among other factors. These affect incentives or barriers to local and foreign investment in the country. The development of the private sector is still strongly hindered by an unfavourable business climate (between 2010 and 2020, the country has lost more than 40 places in the Doing

Business ranking - from 52nd in 2011 to 87th out of 180 countries in 2020). Factors which contributed to this drop in ranking included poor infrastructure and access to electricity, bureaucratic inefficiencies in service delivery and acquiring land. These are still part of the doing business reform road map that seeks to improve the DBI.

Apart from the Doing Business Indicator (DBI), foreign investment trends and the Global Competitiveness Index (GCI) from 2010 to 2019 show Botswana sliding down the world rankings during the decade. For instance, Botswana's GCI rank dropped 25 positions from 66 in 2010 to 91 in 2019. This indicates a deterioration in the competitiveness of Botswana's business environment relative to other countries and this threatens foreign direct investment (FDI). Consistent with this environment, the World Bank statistics show that Botswana's FDI increased to a peak of US$0.52 billion in 2014 (3.33% of GDP) but fell by 94% to as low as US$0.03billion in 2020 die to effects of COVID 19 (0.21% of GDP). Although it slightly increased to US$0,06billion in 2021, this is still critically low for a country intending to go on a high-performance trajectory. As new tax incentives relating to investments in the SEZs were promulgated in 2021, it's expected that foreign investment will increase.

31/12/2010	0.22	1.73
31/12/2011	0.29	1.94
31/12/2012	0.15	1.05
31/12/2013	0.07	0.47
31/12/2014	0.52	3.33
31/12/2015	0.38	2.80
31/12/2016	0.14	0.94
31/12/2017	0.26	1.62
31/12/2018	0.29	1.68
31/12/2019	0.09	0.56
31/12/2020	0.03	0.21
31/12/2021	0.06	0.31

Figure 3: Trends in FDI inflows and FDI as a percentage of GDP

While Botswana's rule of law, corruption perception, as well as policies dealing with economic freedom, construction permits, repatriation of profits and trading across borders are highly ranked, policies and processes related to starting a business, enforcing contracts, and getting electricity have been judged to be unfavourable. The country also needs to significantly work on infrastructure ranked 108th, ICT adoption 100th, transport system, electricity supply, human capital ranked 111th, education and health 94th to attract investment.

Although Botswana has initiated several reforms of laws and regulations that have direct impacts on the business climate of the country like review of FDI in SEZs incentives in 2021, trade regulations, customs regulations, and investment facilitation laws, there are still gaps in this area, as the regulatory framework remains one of the disincentives for investment in the country. For instance, Botswana abolished foreign exchange controls in 1999 and has no prohibitions on foreign ownership of companies, but its state economic dominance and slow processes remain a challenge.

In consultations done with Business Botswana Council members around the country, business owners highlighted that the business environment is overregulated and is characterised by slow processing of permits, licences, and land applications. They also indicated that having the government as the main economic player and the regulator at the same time was very unhealthy for local investment as the government ends up bullying and strangling the same private sector it should promote. Consulted businesses also indicated that access to finance was a significant constraint on doing businesses in Botswana – even the banks which were created for supporting small businesses like Citizen Entrepreneurial Development Agency (CEDA), National Development Bank (NDB) or Botswana Development Corporation (BDC) have unreachable conditions for accessing funding.

2.1.5 Regional integration

Botswana's development plans prioritize the country's integration into the regional and continental development mainstream. Therefore, Botswana's vision 2036 is aligned with the African continent's vision 2063. Botswana’s capital, Gaborone is host to the headquarters of the sixteen-nation Southern African Development Community (SADC), a successor to the Southern African Development Coordination Conference (SADCC). Botswana is also a member of the Southern Africa Customs Union (SACU), presently comprising Namibia, Botswana, Lesotho, Eswatini, and South Africa. All these regional blocs carry potential opportunities for trade and regional value chain development which can help diversify the economy of Botswana.

It is more advantageous for the country to maintain peaceful ties with African countries given its landlocked geographical position. Botswana has access to the SADC market with a reduction in all import duties. Botswana is part of the regional integration initiatives in Africa, although this has been declining over the past two years. Nevertheless, several challenges remain as (i) non-tariff barriers are numerous and very restrictive for both domestic companies and those wishing to invest in the country (e.g., import duties for certain food products, trade bans, etc.), and (ii) the state monopoly on exports is still pervasive in important sectors such as livestock. Botswana is also a signatory to the African Continental Free Trade Area (ACFTA) agreement in 2019, which further strengthens the country's investment to expand its market to other parts of Africa. The opening of the Kazungula Bridge in 2021 provides an additional opportunity for the country as it provides a logistics hub for the North-South circuit.

2.1.6 Entrepreneurship

Although Botswana has no up-to-date database of businesses, a census of enterprises carried out in 2016 estimated that there are about 19 000 enterprises operating in Botswana, half of them in cities and towns. Two thirds of the enterprises in cities and towns are found in the capital city Gaborone alone. The impact of COVID-19 on the number of enterprises is unknown but it is documented that some businesses closed shop, while a few others emerged. Statistics show that the top five economic activities in Botswana are, trading (wholesale and retail), hotels and restaurants, real estate, education, and manufacturing (Table 1). It also confirms that most businesses are in urban areas of Gaborone and Francistown – almost three quarters of them. This is a sign that there is huge potential for decentralization of business opportunities in other areas apart from the two urban centres to address inclusivity and inequalities.

Table 1: Top five economic activities and locations in Botswana

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

Given that the business environment in Botswana is not the most favourable, especially for MSMEs, the country's entrepreneurial situation is quite depressed. Inadequate skills, a weak entrepreneurial culture, and limited access to affordable finance contribute to the country's persistently high levels of unemployment (unemployment rate: 24.5% in 2020, 38% for young people) and low business formation rates.

2.2 National development policy priorities context

This updated version of private sector development strategy is developed at a time when the country has crafted and adopted several national socio-economic development policies and strategic frameworks. Key among them are, Vision 2036 framework, economic diversification drive (EDD), NDP11, NDP11 MTR, the post-covid economic recovery plan, and transitional NDP. Sector specific policy frameworks include the horticultural sector strategic plan, the tourism sector master plan and the livestock development policy. In addition, Business Botswana also has its own background policies and strategic framework which guide the development of the PSDS going forward. As illustrated in Figure 1, these include the previous PSDS (2009-2013) and PSDP (2013-2016) as well as the Strategic plan (2018-1023). To appreciate the work done in all these frameworks, Business Botswana and the consulting team reviewed these key documents to ensure that the PSDS aligns with and borrows from national, sectorial, and organizational policy directions.

2.2.1 Vision 2036

Botswana's first National Vision 1996-2016 has paved the way to its first goal "Towards Prosperity for All". After 20 years of implementation, Botswana made some significant advances in terms of social and economic growth. Several macroeconomic indicators attest to the good performance of Batswana's economy during that period: (i) the doubling of per capita gross national income, (ii) the of 28 points of percentage of the poverty rate thanks to an intensive investment in social area, (iii) the progress made by Botswana in terms of HDI and governance, (iv) the progress of the country among the upper-middle-income country. In addition, the upper middle income country status was achieved in 2005. Despite all this progress made by Botswana's economy, the country is still facing major challenges such as the ease of doing business, the diversification of Botswana's economy which was historically based on mining and diamond industry, the need of improvement of service delivery and the implementation of Government projects in social areas.

To take advantage of this long period of economic growth and to face national, regional, and international challenges in a globalized economy context, Vision 2036 of Botswana defines new goals and aspirations: "**Achieving Prosperity for All**". The purpose of this new Vision is to drive Botswana's economy to a high-income country by relying on 4 key pillars:

- Pillar 1: Sustainable economic development
- Pillar 2: Human and social development
- Pillar 3: Sustainable environment
- Pillar 4: Governance, peace, and security.

The first pillar supporting the Vision defined specific and bold economic objectives stating that "*By 2036, Botswana will be a high-income country, with an export-led economy underpinned by diversified, inclusive and sustainable growth driven by high levels of productivity*". This specific target of 2036 Vision relies on a stronger involvement of the private sector actors as key players of economic growth and in which the Government role will shift from a control to facilitation one. In that aim, the first pillar set out 4 main expected changes in Botswana's economy by 2036:

1. Substantial economic diversification, moving from the dependence upon diamonds and government services to the development of strategic and carrier sectors such as other mineral, agricultural, manufacturing, tourism, ICT, financial and business services, transports, and logistics.
2. Fostering national production to generate national income through competitive, productive, and efficient private sector. This second area of change requires 3 prerequisites:
   - ✓ The need to improve the business climate and competitiveness for attracting both domestic investors and FDI as well.
   - ✓ The infrastructure development to facilitate the diversification of the economy in a decentralized manner and international trade.
   - ✓ An inclusive approach to the informal and SMEs for job creation through specific supports from Government (policy, regulation, and legal framework).
3. Openness of Botswana's economy to the world in a globalized trade and exchanges.
4. Commitment of the private sector to be independent from the Government with a self-reliant entrepreneurial spirit.

The new PSDS will consider all these strategic orientations regarding the private sector roles and challenges provided in 2036 Vision.

2.2.2 National Development Program 11(NDP 11)

Through the NDPs, several strategic plans have been established to guide the country's economic development by identifying the priorities and strategies needed to achieve the objectives. As a medium-term plan towards the implementation of the country's second vision (Vision 2036), the

NDP 11 for the period 2017-2023 is based on Vision 2036 and has the theme of ensuring inclusive growth, sustainable job creation and poverty eradication.

The NDP focuses on the implementation of six national priorities, namely:

- Developing diversified sources of economic growth.
- Human capital development.
- Social development.
- Sustainable use of national resources (including minerals such as coal and iron).
- Consolidation of good governance and strengthening of national security and
- Implementation of an effective monitoring and evaluation system.

The private sector plays an important role in the implementation of the National Development Plan 11 (NDP 11) in Botswana. Indeed, the private sector is a key component of economic growth, job creation and economic diversification. The NDP 11 was designed to create an enabling environment for private investment by strengthening the regulatory framework, governance and transparency. Also, the promotion of the sector has already been raised in NDP 10 where the objective is to reduce the role of public expenditure in the growth of the economy and make the private sector the main source of growth. This allows for an increase in GDP to be contributed by the private sector as government contribution to GDP still stands high at 19%

In this context, private sector involvement is encouraged in the implementation of infrastructure projects, such as transport, communications, and energy, by providing opportunities for financing and public-private partnerships. The promotion of entrepreneurship and support for small and medium-sized enterprises (SMEs), encouraging the development of key sectors such as agriculture, tourism and information and communication technologies are developed. Furthermore, according to the NDP11, the private sector is a key partner in promoting corporate social responsibility and sustainable development in Botswana. More broadly, the country will also need to focus on changing the mindset of the population to accelerate the implementation of NDP 11 and to improve the country's socio-economic situation.

2.2.3 The mid-term review of the NDP11 (2020)

The mid-term review of NDP 11 sought to assess progress towards achievement of NDP11 goals and to realign strategic priorities in line with the new demands of the environment. The review revealed several challenges (sectoral and thematic) still to be addressed in the second part of NDP11 implementation (2020-2023). Generally, the economy experienced sluggish growth, worsened by COVID 19 hence new pathways need to be developed based on this review. This second phase will focus on:

- Promoting export-led growth: given the need to improve the country's balance of payments and increase its foreign reserves.
- Efficiency of public spending and financing: this will include improving the efficiency of the public sector investment project cycle, streamlining subsidy schemes, reducing corruption and waste, and reprioritizing approved projects and programs to align them with emerging transformation needs.

- Human capital development: prioritizing education as part of the transformation agenda.
- Provision of appropriate infrastructure: infrastructure targeted at economically viable projects that support private sector-led development, but also have the greatest potential to increase productivity.
- Promoting economic resilience: national productive capacity, response to climate change.

Private sector remains central to the diversification and sustainable economic growth agenda.

2.2.4 Economic and Recovery and Transformation Plan (ERTP 4)

Like most countries, Botswana developed this plan to promote recovery after COVID-19. It's aimed to stimulate and shock the economy out of the worst economy, the ERTP is a complement to other ongoing plans and programmes, notably Vision 2036 and National Development Plan 11 (NDP 11), and the Mid-Term Review of NDP 11. The objectives of this Plan are:

- In the short term, to mitigate the immediate negative impact of COVID-19 and related containment measures on output and employment: economic stabilization.
- In the medium term, to stimulate the expected recovery in 2021 by raising growth in that year and offsetting.
- In the long term, boost longer-term growth in line with Vision 2036 and the National Transformation Strategy, and put Botswana on a higher sustainable growth trajectory.

Those objectives will be achieved through business environment reform and infrastructure investment that will support and promote private sector economic activity. The majority of the objectives and activities identified in the other plans prior to this one is still in effect. It is the level of prioritization of challenges that has changed. Some challenges have been accentuated by covid-19 (for example, increased unemployment, uncertainty in the diamond market and therefore a need for export diversification, deterioration of the fiscal situation, etc.) compared to others. The ERTP aims to transform the Botswana economic model to be more sustainable and inclusive:

(i) Promote diversification of the productive base through the private sector: promotion of export-oriented sectors, agro-industries, financial services, information and telecommunications, manufacturing industries.
(ii) Improving public finances.
(iii) Investing in infrastructure, education, and social protection: investing in education, with the objective of improving skills levels and reducing the gap between labour supply and private sector demand.
(iv) Develop infrastructure (energy, transport, telecommunications) and strengthen related services to improve the competitiveness of the economy.

In summary, the ERTP has many objectives, but some priorities have been defined following the consequences of COVID 19 (to sustain as many jobs as possible, increasing economy growth and stimulate growth in the long term).

2.2.5 The transitional national development plan (March 2023 – March 2025)

The world bank supported Botswana's development goals by focusing on three pillars: (i) promoting private sector-led, jobs intensive growth; (ii) strengthening human and physical assets; and (iii) supporting effective resource management. At the expiry of NDP11 in March 2023, the country was supposed to launch NDP12. However, to realign national development plans, the government decided to develop and implement a 2-year transitional plan leading to the development of NDP12 from April 2025. In the transitional NDP, the private sector still takes centre stage as the expected driver of economic development going forward.

The TNDP will concentrate on three key strategies: Business Environment Reform, Value chain Development and Special Economic Zones (SEZs).

Business Environment Reform: Private sector needs a conducive environment within which to grow. Many proposals for growth-enhancing reforms to the business environment have been made in Country Private Sector Diagnosis (CPSD) prepared by World Bank in 2022. Setting up company is now quick and easy, and the online company register in highly transparent. A wide-ranging rationalization of the state-owned enterprises sector was announced in 2022 and should help to improve efficiency and reduce the cost burden on the rest of the economy. Ensuring that private power generators are allowed access to the national electricity grid which is under the ownership of the Botswana Power Corporation (BPC). Regulatory review covering permits, licenses, fees, and processes in the tourism sector to remove barriers to entry and growth. Barriers to recruiting skilled foreign workers to fill skills gaps and increasing the range of economic activities that are close to foreign investors.

Value chain Development (VCD)**:** analysing how value chains work, including their different stages and understanding what is required to achieve productivity and competitiveness target levels. VCD will focus on value chain that can potentially be developed based on local raw materials, as well as opportunities for participation in regional (like SACU), continental (AfCFTA) or global value chains.

Special Economic Zones: central to Government efforts to attract FDI, boost domestic investment and promote export-led growth. SEZs offer an attractive taxation regime and other incentives such as exemption from tax on property transfers. Eight SEZs are planned, but this selection will be reviewed as necessary. Encourage private sector development through support for MSMEs and developing infrastructure by PPP.

The role of government is ensuring a supportive enabling environment, including appropriate prices, incentives, and risk-sharing mechanisms to encourage investment, provision of public goods, including infrastructure and ensuring that agreed policies, programmes and projects are implemented.

2.3 Sectorial performance

2.3.1 Agriculture sector situation

Agriculture contributes only 2.1% of the country's GDP. The country's geographic (semi-desert) and climatic (semi-arid) conditions do not allow for extensive land use. Cultivation is generally subsistence and farming methods are mostly archaic. The crop sub-sector is dominated by the production of cereals, corn, and millet. However, agriculture employs more than 19% of the labour force, more than 80% of whom work in cattle farming. Indeed, Botswana's cattle wealth is substantial (80% of the agricultural GDP) and is mostly exported to Europe. According to the Food Insecurity Experience Scale (FIES), in the quarter of 2019/20, 50.8% of the population of Botswana experienced moderate to severe food insecurity which essentially means that there are households and individuals that go without a meal a day and that the quality of food in Botswana is compromised. Add to this the recent COVID-19 and the Russia-Ukraine proxy war which affected the food production input costs, fuel prices resulting in food price hikes which made the need for Botswana to be self-sufficient and self-sustained in food yields crucial now more than ever.

Furthermore, taking into account the climatic conditions of Botswana, which are semi-arid, the production of perishables in Botswana is a challenge especially with water scarcity or unreliable rainfalls in the country. According to the national food imports report, Botswana's total imports were valued at P 7,012,879,911.3 during the month of October 2022. Food imports contributed P 987,856,280.9, representing 14.1 percent of total imports. From this import bill, about 56% in terms of value, were horticultural products, hence, making horticultural produce or vegetables and fruits highly imported products into Botswana Besides, Botswana was also facing restrictions on the movement of goods due to COVID-19, consequently resulting in food shortages and a strain on the agribusiness value-chain. In 2021, local production satisfied only 54 percent of the national demand for horticulture products, with the remaining available through imports (https://diplomatist.com/).

Box 1: Agriculture pandemic relief fund

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.

Source: ERTP (2020)

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. Ministry of Finance 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 losses. Nevertheless, critical food supplies and experience from recent epidemics show that agriculture is likely to bounce back relatively quickly. Despite all these challenges in the Horticultural sector and additional challenges in livestock production enterprises, according to the 2019 agricultural survey relative to a decline in the performance of livestock enterprises, the small stock sub-sector demonstrated improved performance which was attributed to programmes such as LIMID. However, this performance could be better through partnerships and clear roles for the private sector to be a key player in supporting the sub-sector. Past experiences demonstrate that, with proper regulations and competitive market conditions, the private sector can effectively utilize resources from the government. Furthermore, private sector enterprises can meet the high demands of this modest population, build robust agribusiness value chains, create jobs, and boost the economy in the process.

Government's involvement in productive sectors such as Agriculture has often proved to be unsustainable, and to a great degree, usually to the detriment of social sectors such as Health, as it currently is the case with Botswana facing a crisis of pharmaceutical supplies while it should be a focus area of public service. While the government should be at arm's length on commercial business, it must develop enabling environments that can sustain market institutions needed to regulate, capacitate, and enable private sector activities. When the government creates an enabling environment for both domestic and foreign private direct and indirect investors, it shifts the role he can play in supporting private sector, hence, shifting from being a producer to being a facilitator and regulator. As a regulator, government created opportunities for the horticulture sector by restricting imports of horticultural products in 2022. However, consultations with stakeholders indicated that the timing was not the best as local producers were to be capacitated to take up the opportunities.

Table 2: Agriculture sector SWOT Analysis

Strengths	Weaknesses
• Government support in making land available. • Strong will of the Government to encourage the private sector towards economy diversification and competitiveness. • Government restrictions on the import of agricultural products from other countries.	• State domination of cattle exports. • Lack of support for MSMEs and informal sector operators. • No crop diversification: producers produce the same things and overload the existing market. • No market for products. • Procedures for receiving subsidies/support from donors/public institutions are very difficult for rural businesses (especially micro). • Supermarkets control product prices. • Increased production costs: due to higher input prices. • No or limited cold chain. • Lack of effective crop planning.

Opportunities	Threats
• Botswana hub within SADC: market for other countries around Botswana. • Potential for import substitution through improved production quantity and quantity. • Preferential access to the EU market for various products (beef,…) : an agreement allows Botswana to export duty-free and quota-free to the EU market. • Potential for market sales, directly from producers to consumers.	• Uncertainty of the global market (pandemic situation, impacts of the war in Ukraine on global value chains): higher input prices. • Difficulty obtaining work permits for workers from other countries.

2.3.2 Tourism sector

Expanding sectors include tourism (especially ecotourism) and transport. Tourism's total contribution to GDP stands at 11%, while its total contribution to employment reaches 7.1% (World Travel & Tourism Council 2017). The country boasts some of the world's unique ecosystems and is a major safari destination. 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 stopped the movement of people. While around 2 million tourists visited the country in 2019, 2020 and 2021 were lost years for much of this sector. MFED predicted a 19.5% contraction of the sector’s GDP which was over optimistic.

This sector has lost business, output, revenue, and jobs at rates not seen in any other sector. However, both supply and demand are far below their potential, especially given the relevance of the sector as a (far distant) second most important after diamonds.

There are two main limiting factors:

- Overregulation, especially regarding FDI, foreign labour regulations and conservation/ land use for a wider range of tourism purposes.
- Little to no organisation or trade representation of the private sector. The tourism industry community of Botswana is small, and not only at destination level but also across the entire country most key players know each other and regularly exchange information through their own informal networks (e.g., WhatsApp Groups, formal and informal non-government industry events such as those facilitated by Africa’s Eden). However, these networks are not

formalised and structured in a way that could leverage private sector knowledge and experience in becoming an invaluable asset in planning and advising government action. BB and HATAB seem to be top-down organisations, which are unwilling to mobilise the sector to the economy's development advantage neither structured in a way that allows for bottom-up representation. Hence members of BB are restive (at least in Kasane and Maun – hubs for the two main destinations, see above) and in most cases do not feel that their views and opinions matter or are even heard "in Gaborone".

The pandemic has also shown that Botswana's over-reliance on overseas luxury markets has made it especially vulnerable to a shock like the pandemic. Its high reliance on high-value, low-impact tourism and associated luxury products meant that it was completely cut off from its most important markets (US, UK, Germany) for up to two years. These gaps could not realistically be filled by domestic markets even at reduced rates, because price points of such products and the breakeven of simply keeping a lodge operational could not be sustained by what domestic markets could afford. However, the irony is that some of the luxury lodges and the companies behind them (Wilderness Safaris/ Desert and Delta, &Beyond, Great Planes Conservation) were able to come out of the pandemic almost completely unharmed because of short-term liquidity support funds provided by mostly American and British high-net-worth individuals (HNWI), who in many cases were also shareholders and/or loyal customers of these lodges. It remains without saying that other businesses, least of all SMME weren't in position to benefit from any such support.

Now that overseas markets have bounced back, there is a risk of a return to the status-quo-ante and that the development of domestic markets and destinations and products catering to them will be lost. This would not only risk vulnerability in the next shock event, such as a pandemic, it also betrays the efforts already made by Batswana small and medium entrepreneurs (SMEs) into new ideas such as Agritourism, which are mainly developed with domestic markets in mind. It would also lose the opportunity to "decolonise" safari lodge tourism, which can be defined as reforming, if not revolutionising an entire sector that has been built and maintained in countries of the Global South to almost cater for the wealthy elite of the Global North and its equivalent sharing the same ancestry exclusively in the Global South.

(i) ***Orientation and Initiative taken - ER: Tourism Sector ERTP (Economic Recovery Tourism Plan) -*** By regional comparison, Botswana has been applauded in its swift response to the pandemic, even if it was sometimes seen domestically as a bit too harsh and uncompromising. Both the funds made available by the government itself, and additional funds it was able to bring in from international donors were able to provide small, yet much needed support to businesses. It has yet to be determined how this contributed to medium to longer term business survival in the country. Although retention of some core members of the work force may have been enabled, it is less clear if this has much relevance for the longer term, given the high unemployment rate in the country already before the pandemic and the low skill level present in the industry anyway. As was recommended by leading international bodies, such as the United Nations World Tourism Organisation (UNWTO) and others, Botswana used the crisis in a forward-looking manner and as an opportunity to invest into new concept already at hand and planning the furthering of underdeveloped markets, particularly the domestic and regional markets. Examples mentioned in the ERTP are pressing forward with Agritourism and urban destination development (e.g., Gaborone Dam / Kgale Hill, Kasane-Kazungula

Redevelopment Plan). However, implementation of this planning momentum may have been lost or was at least still lagging in certain areas until recently (e.g., legal reforms required to allow for Agritourism to be implemented).

(ii) ***Other issues*****:** The tourism sector seems to be very disorganised at a local level especially in Kasane and Maun. The private sector is also spoon-fed by government, mainly represented by BTO. BTO mainly acts as a gatekeeper (e.g., at trade show participation) rather than an enabler. At the same time, there is also a lack of capacity in the private sector to effectively mobilise and join up across fractions. There are many "lone (white) wolves", who are fed up with government and have resorted to do things their way.

Table 3: SWOT analysis of the tourism sector

Strengths	**Weaknesses**
• Infrastructures are up to standard, attracting foreign tourists with high added value. • Existence of organizations that support the sector, such as BB and HATAB. • Government support through BTO. • Some establishments receive technical/financial support from international partners. • Development of innovative and ecological tourism: agro-tourism, urban tourism. • Strong Botswana tourism brand abroad.	• The sector targets foreign rather than local tourists: an over-reliance on foreign markets, particularly the US market. • Most well-known establishments are foreign-owned. • The government rarely works with small establishments, most of which are locally owned Need for capacity building (technical, soft skills) for players in the value chain. • Regulations too strict for FDI and even for local entrepreneurs. • No formal structure representing the private sector in the sector. • Disjoint tourism product offerings due to distances and limited transport links (e.g., Kasane, Ghanzi, Pans, Tuli).
Opportunities	**Threats**
• Botswana's proximity to several countries. • The government invests heavily in infrastructure. • Several parks and museums. • Government support for MSMEs. • Potential to grow domestic tourism by offering more tourist products closer to main urban centres (Gaborone, Francistown, etc).	• Highly vulnerable to climatic and health hazards. • Increased input and transport costs due to war in Ukraine. • High vulnerability to future pandemics and shutdowns.

2.3.3 Manufacturing sector

As stated above, 2036 Vision has chosen manufacturing sector as one of the key sectors to be developed to achieve Government objectives of job creation, generating national income and diversification of the economy beyond the historical domination of diamond industry since early 1970s. Manufacturing sector in Botswana is composed of a wide range of industries including food and beverage processing, textiles and clothing, and metal and engineering, wood, paper, leather & related products, plastic & rubber products, chemicals & chemical products, auto and electric parts.To achieve this goal, Botswana's Government set up various initiatives, policies, and strategies such as:

- Financial Assistance Policy (FAP)
- Small Business Act
- National Trade Policy (NTP) 2009
- Economic Diversification Drive (EDD) 2011
- Citizen Economic Empowerment Policy (CEE) 2012
- Industrial Development Policy (IDP) 2014
- Special Economic Zones (SEZ)
- National Export Strategy (NES 2019-2024)
- National Entrepreneurship for Botswana (NEP) 2019

By the meantime, various institutions also exist to support private actors in manufacturing sectors such as (i) The Botswana Investment and Trade Centre (BITC), (ii) the Citizen Entrepreneurial Development Agency (CEDA), (iii) the Local Enterprise Authority (LEA) and (iv) the Botswana Exporters and Manufacturers Association (BEMA) under the leadership of the Ministry of Investment Trade and Industry (MITI). SWOT analysis of manufacturing sector.

Table 4: SWOT Analysis of the manufacturing sector

Strengths	Weaknesses
• Strong will of the Government to encourage the private sector towards economy diversification and competitiveness. • Several initiatives, policies and strategies already set up by the Government to intensively support the development and the diversification of manufacturing subsectors. • Many dedicated structures already in place with specific programs and services to support SMMEs (technically and financially (BITC, CEDA, BDC, BEMA, BB). • Many businesses opportunity already identified to improve economy diversification under manufacturing sector addressing both local and regional value chains.	• Weak performance and contribution of manufacturing sector to GDP. • Persistence of various limiting factors such as limited access to finance, lack of skilled workers, poor access to infrastructures, lack of competitiveness in the global market… • Limited results obtained so far from the various policies and strategies put in place by the Government towards the manufacturing sector. • New manufacturing SMEs lack capacity to grow and become national champions. • Consumers familiar with and prefer international manufactured products.
Opportunities	**Threats**
• Existence of SEZ initiatives supported by the Government with a decentralized and integrated approach. • Various market access opportunities such as SADC Free Trade Area, SACU, AGOA, EU, AfTCA, etc... • Government seeking local manufactured products.	• Uncertainty of the global market (pandemic situation, impacts of the war in Ukraine on global value chains,). • A certain dependence of Botswana's balance trade on South African economy and market.

2.3.4 Services sector

Services sector is one with the highest potential to really engage Botswana's economy in the track of diversification and achieve the vision of prosperity for all. The review of historical statistics shows that based on the strategy of diversification engaged by the Botswana Government on early eighties and nineties, the services sector played an increasing role and contribution to the national GDP by rising from 37% in 1990 to over 50% in the second half of nineties and to achieve 63.6% in 2021.

Besides, this sector has also significant contribution to employment (more than 60% of total employment) and to the national trade balance and Botswana became a net exporter of services for the first time in 2003. This increasing importance of the role played by services sector is mainly supported by the expansion of tourism, financial, ICT and logistics and transports sectors. More specifically, the trade and hospitality sectors contributed to 24.6% of GDP growth while general government contributed to 22.5% and the financial services (banks, insurance and business services) recorded 21.2% of the total value added of GDP growth in 2017. These 3 main subsectors contributors to Botswana's GDP with other promising ones such as ICT, transport and logistic services are also included in 2036 Vision to significantly enhance their contribution to GDP, employment creation and overall economy diversification through competitive and exportable services:

- Regarding ICT sub-sector, 2036 Vision aims to improve a greater involvement of the private sector to develop the sector by putting in place an enabling environment through digital access and relevant regulatory framework to be put in place by the Government.
- Regarding financial services sub-sector, due to the Botswana's relatively limited national market, the main objectives of the Government are to (i) develop its capacity to provide relevant and competitive services to fund investment opportunities, (ii) to diversify financial and business services products and (iii) to export these services regionally and internationally and play the role of a world-class hub for cross-border financial and business services.
- Regarding Transport and Logistics services, the main challenge of Botswana is to improve its balance trade since the country is big net importer of transport services as a landlocked country. This subsector also plays a strategic role to support the whole economy in terms of persons, goods and services movement. Thus, the main challenge tackled by 2023 Vision is to have a private sector led development of transport infrastructures and services to connect the country regionally and internationally.

Nonetheless, despite these bold ambitions targeted by the Government through its 2036 Vision, services sector is still facing important challenges and constraints at three (3) levels:

- External constraints related to a better integration of Botswana's firm into regional / international value chains and subsequently the need of improvement of trade policy and facilitation relying on the periodic assessment of the National Trade Policy (NTP).
- Domestic regulatory and institutional framework constraints related to both the overall business climate limiting the private sector / SMMEs development and involvement in services sector, and sectoral constraints requesting a better regulation of each sub-sector for an enabling investing environment.
- Supply-side, or domestic capacity constraints, leading to a poor competitiveness of local firms due to small export capacity, shortage of skilled labours and lack of infrastructures.

These constraints should be addressed through specific and relevant policies since the economy diversification challenge of Botswana is not only a matter of reducing the contribution of mining sector to GDP, but is mainly a matter of diversifying Botswana's export of goods and services especially with a small domestic economy and market. To do so, services sector should also take advantage and strengthen the various existing institutional support already in place such as the BITC, Outsource Botswana, Botswana Innovation Hub, International Financial Services Centre, etc. The SWOT analysis of services sector can be summarized as follows:

Table 5: SWOT Analysis of the service sector

Strengths	Weaknesses
• Strong political will of the Government to develop services sector as lever to diversify economy starting from early eighties. • Various institutions put in place to support business and financial services industries. • Increasing contribution of services sectors to GDP (over 63%). • Significant contribution to employment (more than 60% of total employment).	• Still very low diversification of export. • Low competitiveness of local firms due to small export capacity, shortage of skilled labours and lack of infrastructures. • Lack of integration of Botswana's services firms into regional / international value chains. • Little meaningful activity in technological startups. • Slow growth of high skilled jobs.
Opportunities	**Threats**
• Various market access opportunities such as SADC Free Trade Area, SACU, AGOA, EU, AfTCA, etc... • Potential to access global markets through ICT. • Taking advantage of Virtual trade innovations introduced during COVID-19. • Application of ICT as an enabler in other economic sectors.	• Uncertainty of the global market (pandemic situation, impacts of the war in Ukraine on global value chains,) • A certain dependence of Botswana's balance trade on South African economy and market. • Competition of other more performant and competitive countries on each sub-sectors (South Africa, Kenya, Mauritius, Rwanda…).

2.3.5 Mining sector

Botswana is the world's second-largest diamond producer. Since the early 1980s, the country has been one of the world's leading producers of quality diamonds. Four major diamond mines have been opened since independence. De Beers prospectors discovered diamonds in northern Botswana in the early 1970s. The first mine began production at Orapa in 1972, followed by a smaller mine at Letlhakane. What became the world's richest diamond mine was opened at Jwaneng in 1982. The mine was discovered when termites searching for water brought diamond grains to the surface. In 1999, Botswana produced a total of 21.3 million carats of diamonds from the three Debswana mines and is the world's largest diamond producer by value.

Botswana's mining sector lies at the base of global mineral value chains, making demand for Botswana's mineral production highly sensitive to changes in global demand. COVID-19 hit world commodity prices hard due to sharp reductions in global demand. Although mining was seen as an essential activity during containment, mining companies still scaled back their operations considerably. COVID-19 has virtually wiped out any prospect of a recovery in diamond prices after a fall that began in 2014. Reduced production is expected in all mineral categories. In fact, MFED forecast at best a 10.4% contraction in mining GDP, down 13.2 percentage points on the 2.8% growth forecast before COVID-19, and at worst a 45% contraction.

The country's economy is heavily dependent on the mining sector, and this heavy reliance on diamond exports means that Botswana's economy closely follows global trends in the price of this commodity. Mining, the fourth-largest contributor to GDP and the leading source of government revenue and exports, declined by an average of 6.1% a year between 2014 and 2019. This mining sector's share of GDP is not a result of successful diversification. Nonetheless, given this majority contribution of diamonds to the country's GDP, the mining sector has become the hub of the country's economy, with palpable impacts in all other aspects of Botswana's development: communications, transport and logistics, tourism, education, banking services, etc. Botswana has a total of around twenty licensed diamond-mining companies, which means that the sector is reserved for a relatively small number of the population. The diamond value chain does not affect the local population where the deposits are located, and most operators are foreigners.

It should be noted that the ongoing diversification of the local mining sector is helping to limit the impact of falling diamond revenues on mining revenues in general. Botswana is known for its vast coal deposits, making it probably one of the most coal-rich countries in the world. Large coal mines, huge coal-fired power plants and a plant to turn coal into liquid (using the Fischer-Tropsch process) to produce synthetic automotive fuel are planned. According to the Botswana Chamber of Mines' Market Capacity Survey, there is potential for up to 24 new mines producing over 190 million tonnes a year. The war in Ukraine has also boosted exports from the country's two coal mines for over a year now. Other minerals mined include nickel, copper, coal, soda ash, gold, silver, semi-precious stones and granite. More recently, minerals such as uranium, graphite and lithium are also being explored. The BCL mine currently exports raw copper and nickel ore for processing. A national refinery could add value to Botswana's mining sector.

Below is a SWOT analysis of the mining sector:

Table 6: SWOT Analysis of the mining sector

Strengths	Weaknesses
• Africa's best mining and investment destination (Fraser Institute Annual Survey). • Existence of several mineral resources. • Sound business environment for investment. • Existence of a clear mining policy. • International diamond quality requirements.	• No palpable impact on the local community. Most of the mines are foreign-owned. • Insufficient exploitation of other mining resources. • End of diamond production, expected in less than 15 years. • Difficult for local suppliers to penetrate the mining industry. • Lack of integration of MSMEs in the value chain.
Opportunities	**Threats**
• The SADC region has a deficit in electricity supply: Botswana is centrally located in the SADC region with potential to supply coal. • Easy distribution via Botswana's Southern African Power Pool (SAPP). • War in Ukraine increases demand for coal. • Availability of manpower.	• Dependence on the state of the world market. • Russia remains the largest producer in carats value despite the ongoing war with Ukraine. • Declining demand for diamonds on the world market.

2.3.6 Construction sector

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, 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 COVID19 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.

Table 7: SWOT Analysis for the Construction Sector

Strengths	Weaknesses
• Skills transfer and learning from foreign experts. • Local production of construction material like cement, bricks, and concrete products.	• Limited local technical skills – dependence on foreigners. • Dependence on foreign materials.
Opportunities	**Threats**
· High demand for buildings and infrastructure. · National thrust on infrastructure development.	· Foreign competition. · Demand for modern equipment to improve efficiency.

3. PRIVATE SECTOR

3.1 Status of Botswana Private Sector

Defining the Private Sector

The Botswana private sector is comprised of micro, small and medium enterprises operating in the formal and informal sector; further categorized into sectors they operate in such as manufacturing, agriculture, horticulture, mining, beef and small stock, etc. The Bank of Botswana (2020) qualifies the private sector as not controlled or owned by an institutional unit in the public sector.

There exist a Statistical Business Register (SBR) which is a list of registered and operating companies (establishments and enterprises) in Botswana. The register is created for statistical purposes. It is also meant to guard against any conflicting definitions that may arise from existing business registers developed for purposes other than statistical.

The Botswana government mandated its Local Enterprise Authority to keep a central database of both formal and informal SMEs operating in the country. The CIPA is the business registration authority in the country. Its register holds all formal businesses; informal operators are thus not captured in the database unless operating under a business name.

By definition of enterprises being formalized, most informal sector operators are formalized through licensing with City and District Councils. However, there is no centralized, and digitized, licensing system through this structure. In addition, there are other similar business registers (developed through institutional programing and which capture micro enterprises) maintained with groups such as Thusang Basadi, and Registrar of Societies capture cooperatives. Purpose-based registers or databases can also be found in organizations that are also mandated to support enterprises such as BB, CEDA, Department of Youth, Tokafala, BITC, UNDP and BEMA.

According to Companies and Intellectual Property Authority (2020), there are 113,816 registered enterprises in Botswana. this includes micro enterprises and individuals. The Statistics Botswana census only captures 24,515 registered business as of November 2022. This discrepancy is likely due to the classification criteria applied to the SBR to only take into account business that are not only incorporated but also tax registered, have a physical and postal address, and have employees.

It is observed that the Wholesale and Retail Trade was, in terms of active enterprises, the most dominant economic industry as at the end of November 2022. It constituted 9 779 (39.9%) of all operating establishments registered by Statistics Botswana. The second biggest industry was Construction with 2 557 (10.4%). Manufacturing was the third largest industry accounting for 2 366 (9.7%) operating establishments. Professional, Scientific and Technical Activities came fourth followed by Accommodation and Food Service accounted for 6.2% and 5.2% respectively.

In terms of employment, as at the end of November 2022, small (5-25 employees) enterprises were the largest employer accounting for 11,242 (46%), seconded by micro (1-4 employees) enterprises with 11,125 (45%). Medium (30-49 employees) and large (50+ employees) establishments were the least dominant at 1,031 (4%) and 1,116 (5%) respectively (Statistical Business Register, Stats Brief, November 2022)

Non-Mining GDP grew by 5.7 percent in the twelve-month period to September 2022, compared to a higher growth rate of 7.2 percent in the corresponding period in 2021 due to the deceleration of output growth for most sectors, namely, Construction, Wholesale and Retail, Diamond Traders, Transport and Storage, Information and Communication Technology, Real Estate Activities, Professional, Scientific and Technical Activities; Administrative and Support Activities, Human Health and Social Work, and Other Services (Bank of Botswana, Annual report 2022).

Botswana is among the few countries in the region where output has recovered to pre-COVID levels. After contracting by 8.7 percent in 2020, real GDP rebounded by 11.4 percent in 2021, mainly reflecting a strong increase in diamond demand and government support. The government introduced a comprehensive vaccination campaign and fiscal relief package (2.6 percent of GDP) for households and businesses. The Bank of Botswana (BoB) reduced the policy rate to its lowest level on record and eased regulatory limits on private lending (Bank of Botswana, Annual report 2022).

3.2 Private sector challenges in Botswana

The document below presents the challenges faced by private sector players. The proposed interventions presented in the updated PSDS will contribute towards addressing these challenges. which have to be addressed by the updated PSDS

Table 8: Challenges faced by Private Sector in Botswana

Reliance on revenues generated from diamonds without sufficient focus on strengthening the role of the private sector for economic growth	• The private sector accounts for less than half of employment in the country (37.4 percent), with the rest divided among local governments (3.0 percent), the central government (18.2 percent), parastatals (2.9 percent), and various forms of self or household employment • Because of the global COVID-19 pandemic, unemployment reached a 35-year high of approximately 24 percent but even in the two decades before the pandemic unemployment rates were high, hovering near 18 percent, with youth unemployment posing a critical challenge • The high level of unemployment reflects a lack of opportunities in the small, non-mining private sector and in the low- income, drought-prone agricultural sector. Job creation has been particularly weak in urban areas and the manufacturing sector has shed jobs and the construction sector has been stagnant. Thus, opportunities for lower- and medium-skilled Batswana have been limited.
Employment challenges related to the constraints in both the supply of and demand for labour	**On the Supply side:** • Lack of skills in the labor force and skill mismatches (despite high spending rates on education) have been the most serious challenge, compounded by an overly restrictive policy on permits for foreign workers. • In addition, high wages in the public sector are likely to have a negative effect on the supply of skilled workers to the private sector; public sector wage levels are high and are de facto seen as a reservation wage that constrains the supply of skilled labor to the rest of the private sector. **On the demand side:** • a small domestic market, limited competition in the non-tradable sector, shortages of electricity and water, and barriers to establishing and funding businesses have resulted in high costs and a lack of profitable investment opportunities, effectively deterring the entry of new businesses and employment creation. • Moreover, some sectors have suffered the effects of Dutch disease, with recent decades seeing skilled labor migrate from manufacturing to the mining sector and replaced by less-skilled labor, including previously unemployed agricultural workers.
Weak job creation against high entrepreneurship potential	• Botswana has the highest ranking among all Sub-Saharan Africa countries in the Global Entrepreneurship Index (52nd out of 137 ranked countries), ahead of nine European countries and Organization for Economic Co- operation and Development (OECD) economies, such as Mexico.

	• The country scores well on opportunity perception, risk acceptance, high-growth economy, and cultural support for entrepreneurship, but it scores poorly on access to risk capital, technology and innovation, internationalization, and start-up skills. • Overall, this scoring points to high potential for entrepreneurial activity but limited institutional and human capacities to exploit that opportunity. Policies that draw in international entrepreneurs, provide access to global markets, and link to international sources of capital and technology would benefit the ecosystem. Concurrent policies could focus on building domestic entrepreneurial skills necessary to start and grow businesses and on providing access to appropriate forms of capital needed by start-up and early-stage businesses.
Botswana's export basket lacks dynamism, and its exports are increasingly losing global market shares	• Botswana enjoys preferential market access to Southern Africa's markets through the SACU and SADC, but the country exports little with its neighbors and it trades less compared with others in the same trade block. • In addition, diversification of the export basket has remained elusive despite decades of diversification policies. • According to Harvard's Export Complexity Index since 2003, Botswana has added merely five new products to its export basket (compared with 18 in Eswatini, 14 in Namibia, and nine in Chile, Estonia, Mauritius, and South Africa). • On the other hand, the complexity of some of Botswana's existing products has gone up, notably in the travel and tourism product space and in electrical machinery and equipment products. • Regarding Botswana's product positioning, most of its products (apart from diamonds) are in slow-growth segments of international trade. Botswana has been gaining market share in live animals and in lac, gums, and resins, but both are markets in which world demand has been slowing. Further, Botswana lost world market shares in diamonds, textiles, inorganic chemicals and metals, and processed beef.
Few of Botswana's current export products provide an obvious platform for further diversification in the short term	• Different studies have looked at products that Botswana could reasonably produce based on its current export structure, world market trends, and its revealed comparative advantages (RCA). According to the Harvard Growth Lab, which considers not only current production structures but also global demand trends, soda ash is the product with the highest "diversification potential. • A recent World Bank Group study on industrialization for the SADC region confirms that Botswana has an RCA for this value chain with opportunities for value addition in downstream products such as soap, detergents, fertilizers, animal feed, swimming pool care, and paper mills. However, the development of these sectors faces significant constraints such as high transport costs and lack of commitment for the development of necessary transport infrastructure nationally and domestically as well as environmental concerns about production including water use and the impact on conservation and wildlife zones.

Agriculture makes a marginal contribution to GDP but remains a key feature of the economy.	• Despite high levels of government financial support, agriculture's contribution to GDP has significantly declined in recent decades, recording a real value added of 1.9 percent in 2019, compared with 10.7 percent in 1980. • Nevertheless, the sector is still responsible for 7.5% of all employment and it plays a critical role in Botswana's rural economy. Livestock and beef are the second largest exports of goods after diamonds, contributing 80 percent of the sector's GDP, but these goods remain largely dependent on traditional management through communal grazing and subsidized veterinary services. Difficult climate and weather conditions, low sector productivity, high barriers to commercialization, a small domestic market, and limited regional and global value- chain integration all severely limit Botswana's agricultural potential. • The sector also has struggled with cyclical problems such as foot and mouth disease that are compounded by quality and traceability problems that prevented access to lucrative European export markets between 2010–12, resulting in the near collapse of the Botswana Meat Commission. Despite resolution of traceability issues, BMC still cannot successfully export to the European Union and Norway. • Challenges posed by climate change make the sector vulnerable to unpredictable rainfall patterns and water scarcity, dry spells, and desertification. Crop diseases put agricultural production at risk and expose rural areas and subsistence farmers to unsustainable agricultural livelihoods, food insecurity, and health vulnerabilities. • Climate change also has the potential to increase the stress on fiscal redistribution programs that heavily support subsistence agriculture and agricultural incomes, such as the Integrated Support Programme for Arable Agriculture Development.
Low productivity, location disadvantages, and the absence of economies of scale **erode the competitiveness of Botswana's manufacturing sector**	• Manufacturing contributes between 5 and 6 percent to GDP—less than half the average of middle- income economies—and more than 11 percent of formal jobs (56,000 in 2021). • Manufacturing activity includes processing of diamonds, beef, and textiles, among others. Despite relatively low manufacturing wages, the sector attracts little private investment. • Low productivity, issues of scale economies, and location are significant barriers, with transport costs eroding much of the country's labor cost advantage. Moreover, Botswana relies on the import of nearly all inputs, with SACU tariffs constituting an additional cost to private sector firms and consumers. • The trade regime is heavily biased against exports, but the country has seen some success in this sector with the growth of the diamond cutting and polishing sector following the establishment of the Diamond Hub in 2015. The sector is likely to be Botswana's largest single manufacturing sector in relation to employment, with its contribution to manufacturing value added at 15 percent in 2021. At the same time, Botswana has trouble competing with low-cost producers in Asia, especially India, where cutting and polishing costs are three to five times lower.

	• The services sector is by far Botswana's largest sector, accounting for nearly 60 percent of GDP., with tourism services contributing 10.4 percent to GDP in 2019 which dropped to 5.5 percent in 2020.73 Botswana is likely to double revenues collected by domestic businesses from tourism if current leakages in imports (supplies and services managed from South Africa rather than from Botswana) are reduced by 5 to 7 percent. Overdue road and airport infrastructure maintenance as well as fragmented tourism management and governance are other constraints on the sector's growth. In financial and business services, companies currently provide mainly general services such as general accounting, IT services, and legal services. The government has identified growth potential in more specialized business services and is fostering links to more demanding client companies to promote this market segment. Botswana's International Financial Services Centre and its supporting regulations provide regional and international banks, international business firms, insurance companies, and investment funds with a range of incentives to attract investment to specialized services.
Progress has been made in strengthening the competition framework, but several regulatory gap limit full competition and enforcement,	**The Competition Act was enacted in 2009 and amended in 2018. In December 2019, the implementing** • Competition and Consumer Authority (CCA) was officially established, building on its predecessor competition authority. Early reviews of the Botswana experience suggest that the reform—while relatively lengthy—is one of the more consequential and successful ones on the continent. Since its inception, the CCA has effectively intervened to remove anticompetitive conduct including refusal to deal and remove barriers to entry in several cases, identification of cartels, and intervention to avoid three attempted bid-rigging cases. However, several key concerns remain: (a) legal monopolies are excluded from the application of the law;76 (b) abuses of dominance are not subject to a fine, although remedies can be imposed;77 (c) the concept of dominant position is not clearly defined, and market share thresholds are not determined by the Competition Act;78 (d) price discrimination and tying or bundling agreements are prohibited irrespective of parties' market power, while international experience generally accepts these agreements in the absence of a dominant position;79 (e) the Minister is empowered to exclude certain sectors from merger control or to propose alternative merger control systems;80 and (f) Botswana's regulatory framework does not integrate a subsidy oversight system to ensure transparency and avoid market distortions. • Although the Competition Act applies also to state-owned enterprises that participate in markets open to other enterprises, it does not apply to statutory monopolies, such as the utilities market (water, electricity, rail, and meat export), with some exceptions (for example, anticompetitive behavior resulting in fixing stockbroking commissions). Competition regulation cannot address other underlying factors that hinder private sector participation in the market, such as trade barriers and existing influence of South African firms with a dominant market position within SACU. **Limited resources of the CCA may affect the effective enforcement of competition rules in Botswana.** • The CCA appears to have insufficient funds to carry out its broad mandate and it experiences staff shortages, which may negatively affect its ability to conduct investigations and detect cartels. According to the CCA, its budget has been

	decreasing the past few years. Furthermore, the number of dawn raids conducted seems to below and sanctions are not imposed. Dawn raids are essential to develop competition enforcement because they allow competition authorities to collect the necessary evidence to identify (and eventually sanction) cartels and other anticompetitive practices that may be secretly carried out by firms. According to publicly available information, the CCA has not carried out any dawn raids since January 2019. The Competition Tribunal is the organisation in charge of imposing sanctions for the infringement of competition rules, after referral from the CCA. Even though some of the cases investigated by the CCA have resulted in the adoption of concrete remedies to terminate the anticompetitive practice identified by the CCA, no fines have been reported during the past three years. The absence of fines significantly reduces the deterrence effect of the prohibitions contained in the Competition Act and thus, compliance with competition rules.

Source: *World Bank Group, Country Private Sector Diagnostic, Creating Markets in Botswana, June 2022*

4. ORIGINAL PSDS AND PSDP LESSONS LEARNED (ACHIEVEMENTS, ENABLERS AND CHALLENGES)

Table 9: Summary: Progress on strategic objective strategies and planned activities

Priority Area 1: Trade Expansion				
Strategic objective 1: Promote and support the participation and visibility of the private sector in international markets				
Strategies	**Activities**	**Achievements and Enablers**	**Participant Institutions** **(Targeted for consultations)**	**Lessons Learnt**
1: Improve availability and access to market intelligence	1: Conduct 3 surveys on the private sector market intelligence needs	Refer to MTI agency annual reports BITC produces annual country market reports Updates on Trade Agreements are maintained New Agreements: SADC-EFTA, SACU-MERCOSUR, AGOA, BOTSWANA /ZIMBABWE, EAC-SADC-COMESA, AfCTA, EU-SADC-EPA (NEW PSDS The African Continental Free Trade Area (AfCFTA) is the world's largest free trade area bringing together the 55 countries of the African Union (AU) .	Ministry of Trade and Industry (MTI) (LEA, CEDA, BITC)	The inability to analyse and understand the market by the business owners as well as the institutions charged with supporting SMMEs (CEDA and LEA) A need for increased systematic market intel research and reporting regarding trends and opportunities. Market intel reports are currently unaffordable to the SMMEs Surveys on market needs were mainly carried out on medium enterprises, who are

				fewer than small enterprises in the private sector.
	2: Develop and maintain 3 updated databases of market intelligence	BB developed the MIIS with UNDP funding BB Business directory LEA maintains an SME database BITC Trade Portal and website containing market reports	Ministry of Trade and Industry (LEA, CEDA, BITC)	Existing databases are complete only to the extent to which they meet conditions set. There is currently no single database that is all inclusive of the private sector across all spectrums. Data bases need to be consolidated
	3: Conduct 1 sensitization workshops for entrepreneurs on market information annually	BB scheduled training and workshops LEA scheduled workshops CEDA scheduled workshops BNPC annual workshops under the Enterprise support program on productivity and Quality BITC Exporter Development Program workshops BOBS scheduled sector specific workshops around quality	Ministry of Trade and Industry (LEA, CEDA, BITC)	Business support training and workshopping lags behind the needs to the market; they need to be in synch with the highly evolving market landscape (post-Covid market transformation via digitalization) IO and BDSPs lack the knowledge, capacity to deliver and capability for continuous learning and innovation. Resources are required.

	4: Establish and continuously update at least 4 trade resource centers at MTI, BITC, BB and Sectoral Associations	BITC has an established resource centre	Ministry of Trade and Industry (LEA, CEDA, BITC)	While MTI has been well resourced to establish a resource centre within BITC, and supporting some research in LEA and CEDA; BB and Sectoral Associations do not have sustainable funding resources as they primarily rely on donor funding, grants and subscriptions.
	5: Involve the local private media in dissemination of trade information	There is a general use of private print and electronic media in disseminating information as required or requested	Ministry of Trade and Industry (LEA, CEDA, BITC)	Print, electronic and digital media have proved to be a useful tool in information dissemination, particularly social media.
2: Exploit the market opportunities created through regional and international trade agreements	1: Carry out 3 studies on the core non-tariff barriers that hinder Botswana companies from penetrating the foreign markets	CEDA study on Assessment of Investment Opportunities within the manufacturing Sector June 2020. National Export Strategy Market access locally is thorough PPADB, MTI-EDD Programme. BOBS through certification of products manufactured by enterprises to acquire quality standards.	Ministry of Trade and Industry (LEA, CEDA, BITC)	Though there are a number of trade agreements in place and studies carried out thereof, SMMEs were not aware of the agreements in place and did no fully understand the advantages they offered, There is a need to carry out more awareness workshops around regional and international trade

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		BITC through Export Development Programme and Export Department facilitates market access of products locally and internationally through Global Expo Botswana trade fair and participation at regional and international trade fairs and exhibitions. Fairground Holdings; Botswana Consumer Fair is a platform to market locally manufactured goods Business Botswana Northern Trade Fair held annually in Francistown exposes enterprises to local market access. Botswana National Agricultural Show UNDP Supplier Development Programme. Business linkages of SMMEs with Large Enterprises and retailers, mines etc to sell their products		agreements Botswana is party to. It is reported by LEA that few SMMES subscribe to service and product quality standards. This is the primary cause of failure to enter export markets under the favourable trade agreements (eg AGOA represents trade in 6000+ products in which Botswana could participate but is unable to due to compliance issues) Much of the private sector does not have adequate funding to exploit foreign markets. However, it has been reported by BURS that there is an increase in export activity Strategies should be made around products and services that significantly originate from Botswana
	2: Hold 1 private sector sensitization workshops on products that Botswana has a	Ref to National Export Strategy AGOA National Response Strategy	Ministry of Trade and Industry (MTI) (LEA, CEDA, BITC)	Workshops and training on existing trade agreements were very few in the first PSDS activities. Greater

	comparative advantage to produce for export to SACU, SADC, EU and AGOA annually	BITC outreach programs for export preparation		outreach and information dissemination is required. Trade Agreements should be incorporated in business support training
	3: Organise at least 2 trade fairs to promote the goods and services in targeted foreign markets	BITC More than 3 international trade missions a year to external markets Buyer – seller missions to targeted markets	Ministry of Trade and Industry (LEA, CEDA, BITC)	Agencies which have programmed market orientation tours, trade shows and exhibitions should prepare SMMEs to be more intentionally strategic in participating in orientation trips apart from only fulfilling the 'show' aspect. Meetings and meet / greet sessions should be planned before the main event.
	4. Trade representative /Attaches	These postings were discontinued They now lie under the general mandate of Ministry of Foreign and International Relations	Ministry of Trade and Industry (LEA, CEDA, BITC)	n/a
	5: Develop and implement appropriate export trade finance schemes	BECI NDB Commercial Banks	Ministry of Trade and Industry Ministry of Finance	Financing schemes at the time of the first PSDS had a high threshold for most SMEs to access.

			Bank of Botswana	Financing schemes specifically aimed to finance foreign trace should me made more accessible
3: Improve quality of products and services of Botswana private sector firms	1: Conduct 1 sensitization workshop for manufacturers and services producers on quality standards and improvement annually	All listed agencies have running multiple workshops annually BOBS localized quality standards NAFTRC food quality and safety testing	BOBS BNPC NARDI (NAFTRC) Botswana Trade Commission BITRI LEA BQA	One session in a year was insufficient given turnover rates and new entrants in manufacturing and production. The cost of quality testing and certification is prohibitive
	2: Strengthen product quality testing facilities	NAFTRC food quality and safety testing BOBS Testing Centre Botswana National Vet Lab (Sebele) BVI BUAN established a soil testing centre		Quality testing facilities were available. Results in the organic testing through NAFTRC took up to 2 weeks to receive and the facility was thinly manned. BOBS testing could also take 3 months, longer if inhouse standards were not available.
	3: Develop and implement a three-year product quality and	(To be verified if any action has been done)	BOBS BNPC	

	safety public awareness media program			
	4 Subsidize certification	(To verify subsidy on certification)	BOBS BQA	Many SMEs still found quality certifications expensive.
4: Improve trade facilitation	1: Lobby for speeding up of harmonization of custom rules, regulations, procedures and transport rules in the region	Lobbying activities through SACU	BURS Botswana Trade Commission Ministry of Trade and Industry Dept of International Trade	SADC – EPA consultative process took time as it involved other sovereign states
	2: Establish one stop border post at all entry points	Governments of Botswana and Namibia signed an agreement to operationalize the Mamuno/Trans-Kalahari border as a One-Stop Border Post (OSBP) in May 2024. The border post will also start to operate on a 24-hour basis, from July 2023. Feasibility of converting Ramokgwebana/Plumtree border into a One-Stop Border Post by Botswana and Zambia is ongoing Upgrading of the Pioneer Gate Border Post into a One-Stop Border Post (OSBP) is ongoing	Ministry of Trade and Industry BITC	Multi national agreements do take time

		Ramatlabama border post is being upgraded to a One Stop Border facility		
	3: Finalize the development of the Botswana Walvis Bay plot	2009 agreement between Botswana and Namibia Port Authorities to construct a port in Walvis Bay. Work ongoing	Ministry of Trade and Industry Botswana Railways	
5: Improve the capacity of the private sector to take advantage of the multilateral trade system (MTS)	1: Conduct a 1 training workshops for private sector on the MTS rules annually	SADC-EU EPAs workshops run by BB, BURS, BBS AGOA awareness run by BITC through their outreach programs and at the global expo's	Ministry of Trade and Industry BB (BOCCIM) EU BURS BITC	A single training workshop is insufficient. It also requires financial resources and coordination among the different agencies. Ample planning and lead time is required
	2. Involve the private sector in negotiations at bilateral, regional and multilateral levels	Not much headway - To be verified The private sector which forms part of the NCTPN are seen to have lack of trade negotiations skills Facilitate a dialogue between the public and private sector entities involved in the export promotion and trade facilitation	Ministry of Trade and Industry (Refer to NCTPN) BB BURS	Private sector SMMEs and SMEs do not readily participate in regional negotiations due to a lack of experience in trade and the knowledge therefof

Table 10: Priority Area 1 (Trade Expansion Continued)

(Priority Area 1: Trade Expansion Continued)				
Strategic Objective II: Promote effective participation of the private sector in the domestic market				
Strategies	**Activities**	**Status**	**Lead Institution**	**Lessoned Learned**
1: Strengthen public private partnerships	1. Establish guidelines for public private partnerships	Guidelines are available	PEEPA BB	
	2. Train public officers on management and implementation of PPP projects	There is slow implementation of PPP. Government has targeted the private sector to improve the enabling environment to increase private sector participation (Ref: Committee of Supply, 2023/24 , Minister of Finance) Continued engagement with stakeholders on financing of projects, review of policies and law to facilitate implementation assisted by world Bank Group and African Development bank	Ministry of Finance	Government processes have their own timelines that are not necessarily in synch with market dynamics PPPs have been difficult to implement due to lack of technical expertise in the public service, and to a large extent the private sector, hence the Government recent pronouncement to seek international expertise from the World Bank.
	3. Sensitize the private sector on public private partnership guidelines	BB PPP awareness workshops	BB Ministry of Finance	

			PEEPA	
2: Promote citizens empowerment through excellence	1. Support government initiative to restructure Citizen Empowerment polices	Consultative workshops Citizen Economic Empowerment Policy 2018 Economic Inclusion Bill 2021 Localization Policy Reservation Policy Preference under PPADB	BB Ministry of Youth WIBA	This was and is ongoing across government ministries and now emphasised in complementing the national Vision 2036
	2. Sensitize the private sector to accept competition	Botswana Competition and Consumer Authority - 2019	BB	

(Priority Area 1: Trade Expansion Continued)				
Strategic Objective III: Support the growth and graduation of SMEs				
Strategies	**Activities**	**Status**	**Lead Institution**	**Lessons Learned**
1: Reduce the cost of formalization of the SMEs	1. Review the registration costs and tax compliance	BURS e-services has reduced costs BURS deregistration option at a reviewed threshold for VAT CIPA OBRS has also reduced registration costs	CIPA BURS	Business formalization is generally accepted as being registered with CIPA. CIPA annual returns fees of P500.00 were perceived as expensive by

				SMMEs, particularly in the informal sector. Bank account KYC requirements excluded some businesses
	2. Decentralize the registration offices to district level	CIPA is now in Gaborone, Francistown, Maun and Serowe BURS has offices nationwide, with live online services		
2: Establish private sector micro finance firms	1. Develop policy framework for micro financing	Policy development is at Ministry of Finance, advised by NBFIRA Financial inclusion is on the agenda of the Botswana Government NDP 10 and NDP 11	Ministry of Finance NBFIRA Bank of Botswana	Micro Finance licences are reserved for citizens (under the CEE policy). It is closed to foreign investors.
	2. Develop Micro Finance ACT		Ministry of Finance	
3: Cluster SMEs for access to infrastructure, specialized facilities, equipment, services and utilities	1. Work with LEA to increase sheds supplied with basic infrastructure and utilities in major towns and settlements.	LEA incubation centers in Gaborone (sector specific) , Francistown and Mochudi BDIH incubation centre in Gaborone (ICT) SEZA plans to establish clusters	MTI SEZA LEA CEDA BDIH	Multiple cluster development programs focusing on the same or similar group. Limited collaboration and coordination among implementing agencies Limited communication about programs targeted to the same or similar group

4: Strengthen linkages between the SMEs and the large firms	1. Sensitize large firms to procure goods and services from SMEs	PPADB through preference schemes UNDP Supplier Development Program Brand Botswana – the pride mark	MITI BB LEA PPADB CEDA UNDP	Private sector SMEs often do not have the capacity to meet local market demand at quality, quantity and price point. Imports are often cheaper
	2. Organize a forum to promote closer business linkages between SMEs and large firms		BB	Not many private sector led business forums are held to link SMEs and large firms Business forums usually attract a high participation fee
	3. Establish an association of SMEs	Several sector associations such as BOHOCO, HATAB, BOWICO, BEMA, WIBA, etc *LEA launched an association for SMEs (July 2023) Farmers United	LEA BB	Sector associations are under resourced and need support in membership mobilization and service delivery

(Priority Area 1: Trade Expansion Continued)

Strategic Objective IV: Promote domestic and foreign investment for sustainable development.				
Strategies	**Activities**	**Status**	**Lead Institution**	**Lessons Learned**
1. Promote the FDIs	1: Finalize and implementation of the FDI strategy and legislation	BITC was established for this. This is already implemented and is on its 3rd review Investment Strategy for Botswana exists Botswana Incentives Strategy	MITI BITC SEZA SPEDU LEA CEDA	
	2: Private sector to be involved in the FDI drive	PSDS and PSDP activities	MITI BITC BB	Private sector is not significantly aware of the opportunities to participate in the drive for foreign investment
2. Implementation of the Economic Diversification via FDI and Citizen Economic Empowerment Project	1. Mobilization and Project Management			Good coordination across ministries in upholding CEE
	2. Localization of Supplies Project	Reservation policies are in place such as border closures for some products to protect local market Reserved business sectors for locals		Citizens are unable to fully saisfy demand for some reserved business sectors (e.g. retail) – foreign operators are running on exemptions. However, in some reserved

				sectors (e.g. micro financing) no exemptions have been issued to foreign firms despite the critical need for the product. The CEE in certain instances works against economic diversification through FDI
	3.Citizen Economic Empowerment Charters Project	Citizen Economic Empowerment Policy 2018 Economic Inclusion Bill 2021 Localization Policy Reservation Policy Preference under PPADB		
	4.Revival of Buy Botswana	Brand Botswana and PushaBW initiatives Pride Mark		Brand Botswana initiatives have had positive impact on the private sector in terms of brand value
3.Promote beneficiation	1: Conduct beneficiation studies to identify investment opportunities that exist	BITC investment guide CEDA Priority sectors specific to beneficiation SEZA	BITC	Many studies are actively being carried out among government agencies guided by mandate.

	within the different sectors.	Value chain studies (Beef, pork, small stock etc)		No studies have been originated from the private sector guided by market needs
	2: Lobby for providing incentives to prospective investors in projects that promote beneficiation	Services are operational Botswana One Stop Service Centre incentives Tax incentives on input imports	BITC SPEDU SEZA BURS	
4. Support the development of economic zones	1: Support MTI to finalize the study on the feasibility of Economic Free Zones (EFZs/Economic Processing Zones (EPZ	Completed. The establishment of Special Economic Zones Authority (SEZA)	MITI	SEZA remains flexible to accommodate investor needs where deemed necessary
	2: Establish industrial parks to produce products identified for SACU, EU, SADC and USA markets	Leather Park Special Economic Zones are identified for agri-business, manufacturing, horticulture, small stock etc	MTI SEZA	Mobilizing participants to these activities is a challenge due to geographic sparsity of the masses. Intensify awareness and information dissemination about products in trade markets

Table 11: Priority Area 2 (productivity)

Priority Area 2: Productivity				
Strategic objective 5: Improve labour productivity in the private sector				
Strategies	**Activities**	**Status**	**Lead Institution**	
1. Invest in human resources development	1. Establish an institutional framework for the implementation of the vocational training levy scheme	BQA: The National Credit and Qualifications Framework is a set of laws, policies and tools developed to regulate the development, registration and award of qualifications in Botswana	Ministry of Labour, Productivity and Skills Development BNPC HDRC DPSM BURS CITF	
	2. Develop human resources development policies programs	HRDC: The Botswana Human Resource Development Strategy is place to ensure skills and capacity base of Botswana Enterprises is realized IDM (Institute of Development Management)	Ministry of Labour, Productivity and Skills Development	Because of regulation, more private sector trainers and education providers are subject to quality assurance. There is still an endemic mismatch of skills needed by industry and training provided

	3. Hold tripartite forum for dialogue of training needs between Government, training institutions and industry	BB through the HLCC	BB BNPC HDRC DPSM BURS CITF	
	4: Conduct 2 reviews of the extent of utilization of existing skills development institutions		BNPC HDRC DPSM CITF	HRDC continues to receive inquiries about the existing skills available on the market. Inquiries from the private sector are used for recruitment purposes and are required in the recruitment of foreign workers
2: Improve the work ethic and promote entrepreneurial mindset	1: Conduct 2 review of the labour laws to support, to identify bottlenecks and recommend labour productivity improvement strategies	To be verified during site visits	BNPC Ministry of Labour, Productivity and Skills Development Trade Unions	

	2: Develop and implement an entrepreneurship public education program	"An Entrepreneurial Mindset" premiered on 9th of July 2023. The Enterprise Advisory Platforms , Ministry Of Entrepreneurship , Local Enterprise and Brand Botswana	Botho University University of Botswana-BITC Ministry of Entrepreneurship	Dominance of Government in private business and public education programmes has created entitlement mentality by Botswana private sector hence the need for 'Mindset Change'
3: Improve the quality of services provided by private sector firms	1: Develop a system for black listing firms which fail to deliver on contracts	Enforced through PPADB	DIS PPADB	
	2: Conduct training on project management for local contractors and government staff	Established a project implementation unit to manage projects, capacity building and support National Strategy Office and the Government Implementation Coordinating unit combined under the National Planning Commission in the OP	OP MMEWA	Frequent rationalization or changes of Ministries and IOs adversely affects continuity in service delivery
	3: Develop and implement an award scheme for private sector excellence in customer service	Some sectors are already practicing this eg Banking sector, sports codes, etc	BB and its affiliates BNPC MTI through BITC	Private sectors do hold sector excellence awards e.g. Bankers awards. Private sector efforts in some sectors do not have well established award schemes due to lack of coordination and resourcing

Table 12: Priority Area 3 (Trade support institutions)

Priority Area 3: Trade Support Institutions				
Strategic objective 6: Support effectiveness of services provided by the Trade Support Institutions				
Strategies	**Activities**	**Status**	**Lead Institution**	**Lessons Learned**
1: Rationalize the mandate of the trade support institutions	1: Conduct a review and harmonize the mandates of public trade support institutions	BEDIA and IFSC were merged to form BITC. Parliament approved rationalisation SOE (Parastatals) exercise is ongoing. New Ministries have been formed and Local Authorities have been reorganized and some upgraded to full districts and councils to facilitate improved service delivery. NDB is being transformed into an Agric Bank to focus more on the Agricultural Sector BBS has been registered transformed from being a Society to a Company and its now a Commercial Bank. Reconfiguration of Ministries New and reconfigured Local Authorities	MTI, Ministry of Entrepreneurship And Local Authorities	Reconfiguration of ministries and the rationalisation of Ios is a time-consuming process. It leads to grey areas in service provision and a temporary lag in the continuity and implementation of existing programs.

	2: Develop and implement a need driven capacity building package for trade support institutions	Driven by internal strategic reviews of agencies	TSIs e.g BITC, BDIH, CEDA, LEA, BQA, BOBS etc	
	3: Develop and implement a plan to decentralize the TSI services	Linked to the rationalization of institutions		
2: Establish an apex body of all sector associations	1: Restructure BOCCIM to play the role of the private sector apex body	Transformed to Business Botswana as an apex body for private sector.	BOCCIM	Successfully completed. BB faces internal structural and systemic problems requiring additional resources (financial, human and institutional)
	2: Conduct a review of the mandates and capacity of private sector associations	BB regularly meets with sector associations To be verified	BB	
	3: Develop the institutional framework for establishing representative and legitimate private sector associations	Not done	BB LEA	Some pockets of the private sector are self-mobilizing and need to be approached to co-create such a framework

3: Improve public-private sector dialogue	1: Represent the private sector in public policy formulation dialogue fora	HLCC with its sub-committees NBC	BB	Subscription to BB is perceived as a constraint to private sector representation
	2: Represent the private sector in the budget formulation processes	Budget Pitso HLCC NBC	Ministry of Finance BB	
	3: Hold quarterly private sector dialogue meetings	HLCC NBC	MTI BB	The private sector lacks the resources and capacity to swiftly carry out implementation and monitoring of agreed initiatives.

Table 13: Priority Area 4 (business climate)

Priority 4: Business Climate				
Strategic objective 7: Lobby for improvement of the business climate to attract investments and trade				
Strategies	**Activities**	**Status**	**Lead Institution**	**Lessons Learned**
1: Complete, consolidate and sustain the gains from implementing the FIAS recommendations.	1: Conduct 1 situation assessment to identify weak areas and any uncompleted recommendations and implement	The FIAS recommendations have been implemented through various agents BOSSC were setup because of FIAS	MTI and its parastatals	Annual reports from agencies are available in which recommendations implemented are reported.

	2: Further to the FIAS report, conduct a regulatory guillotine			
2: Set targets for company registration, work permits, licenses, building plans and utilities' hook up	1: Develop benchmarks for best practice in provision of services in the areas identified	Business facilitation BOSCC under BITC which is also being extended to SEZA	MTI Min of Labor and Immigration Utilities	The Government has invested and continues to invest in benchmarking missions in which the private sector has participates
	2: Develop and implement a system for monitoring the performance of public sector in provision of services identified	E-Gov initiative GICO (replaced by Botswana Delivery Unit)		Monitoring of implemented recommendations is lagging
	3 Update records on companies operating in the country	Active databases maintained by agencies Business census carried out by Statistics Botswana resulting in the Statistical Business Register	CIPA Statistics Botswana BITC LEA	CIPA made positive strides in cleaning up the database of registered businesses. It has also integrated an annual returns mechanism that assures the quality of the database. Local Authorities are yet to be digitally transformed. Existing databases stand alone

3: Promote efforts to combat crime	1: Lobby for increase of the number of police stations countrywide, the ratio of the police to the population and facilities and equipment required for effective performance:	Satellite police porta camp posts were set up , some were sponsored by the private sector eg police post in Block 5 is sponsored by the Peermont Walmont Hotel Construction of new police stations across the country Areal policing through the Police Flying Squad	BB Botswana Police Service Ministry of Defence and Security	Since the transformation of Botswana Police Force to Botswana Police Service, the public has built confidence and work harmoniously with the police
	2: Encourage the private sector to support community policing.	Neighbourhood watches for businesses and individuals Botswana Police partners with neighbourhood watch groups	BPS, the general public	The private sector does participate in community policing through neighbourhood watch groups, at both personal and firm level. These groups also partner with local Police authorities
	3: Establish standards for the private sector security firms.	Security firm licensing is issued by the Ministry of defence and Security which determines standards and qualifications.	Ministry of Defence and Security	
	4: Establish public private sector security review committee	To be determined	Ministry of Defence and Security DIS DCEC	

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			Private security companies	
4: Strengthen capacity to prevent corruption	1: Collaborate with DCEC to develop and implement education and awareness programs	Anti- corruption committees in public sector and local authorities Public education and campaigns against corruption	DIS DCEC	
	2: Assist public institutions to strengthen organizational systems to prevent corruption	Whistle blowing facilities DCEC experts provided security capacity building to organizations Ethics and Integrity Directorate (EID) was established by section 4 of the Declaration of Assets and Liabilities Act, No. 12 of 2019, as amended by Act No. 1 of 2020. The Directorate started its operations in January 2020. Botswana Centre for Public Integrity	DCEC BNPC	
	3: Train staff to acquire adequate skills to investigate corruption cases	DCEC experts provided security capacity building to organizations	DCEC	It takes inordinate length of time to investigate, prosecute and secure convictions of wrong doers. There are turf issues between law enforcement agencies due to overlap mandates.

5: Improve infrastructure	1: Allocate additional funding for maintenance of roads, streamline tenders process	PPADB has now changed to the Public Procurement Regulatory Authority and cascaded the procurement process to accounting units in the ministries. Funding allocated (refer to Budget speeches)	Ministry of Finance and Development Planning PPRA	It has been proven that there is a lot of wastage of funds due to non-delivery of projects on time and on budget due to lack of project implementation and monitoring skills.
	2. Collaborate with BEDIA to attract investment in the energy and water sectors	Ongoing work with BITC as part of its core mandate Water and Energy have been identified as priority sectors	BITC SEZA MTI	There is evidence that points to duplication of mandates by some IOs and the existence of working in silos. The rationalization of some IOs is a result of this lesson learned.
	3. Lobby government for privatization of the utility organizations	Successful lobbying Results: BBS now a commercial bank, BeMobile, BTCL NDB transformation to an AgriBank – work in progress	BB	The Government has shown reluctance to privatise the utility organisations and other critical services to the economy. Consideration of resourcing and technical support during the ownership transitioning should be considered for successful privatisation

Table 14: Cross Cutting Issues

Cross Cutting Issues				
Strategic Objective VIII: To ensure that the PSDS recognizes and addresses other government policy				
Strategies	**Activities**	**Status**	**Lead Institution**	**Lessons Learned**
1: Mainstream gender issues in the private sector	1: Collect and submit disaggregated data and information on gender		Statistics Botswana Gender Affairs Gender Links	
	2: Develop and implement a national strategy for supporting women entrepreneurs		Ministry of Entrepreneurship	Despite various women empowerment programmes, women continue to face challenges in mainstream business in the private sector. Women are mainly in the SMMEs and informal sector which is to large extent is unorganised.
2: Support the implementation of the National Human Resources Development Strategy	1: Support the introduce entrepreneurial education at all levels of education		Ministry of Communications, Knowledge and Technology Ministry of Education and Skills Development HRDC	There is slow mainstreaming of entrepreneurial education at lower levels of education at public schools e.g. Grade 1 to Grade 7 .

			BNPC	
	2: Develop and implement programs that reward youth who excel in entrepreneurial leadership		Ministry of Youth, Gender, Sport and Culture Ministry of Entrepreneurship Botswana National Youth Council (BNYC) in partnership with Remmogo Foundation	
	3: Strengthen the implementation of the Youth Fund			
3: Strengthen HIV/AIDS work place programs	1: Establish and implement results driven HIV and AIDS work place programs	HIV AIDS committees are in place in at workplaces and clinics. The 95-95-95 UNAIDS targets of testing, treatment and viral suppression. Botswana is currently at 95-98-98. Botswana Daily News 07 May 2023	National AIDS and Health Promotion Agency	The HIV AIDS National Awareness programs are effective and the stigma attached to HIV AIDS is reduced. People Living with the disease are coming public with their status.

4: Promote environment protection	1: Organize sensitization workshops for private sector	Botswana ratified the United Nations Framework Convention on Climate Change on 27 January, 1994 and the Kyoto Protocol on 8 August, 2003. There is an Association of Environmental Clubs of Botswana Its mandate is to encourage environmental information dissemination and behavioural change from grass roots level	Ministry of Environment and Tourism	

Note:

Gender: There are very few women in key decision-making positions in the public or private sectors. As women constitute a large proportion of the population, they play a key role in the national development process and should be visible in enterprise development. The PSDS under review, and PSDP thereafter, identified their needs through engagement with WIBA. The reviewed PSDS should look to increase gender focus.

The youth: The youth form a large proportion of the population (estimated at 36 % in the 1991 census) and must participate in national development. Their needs must be identified and integrated in the PSDS strategy.

HIV and AIDS: It affects the private sector through reduced labour force, caused by absenteeism or unavailability of skilled workers, or through lower productivity, caused by sick workers. There is a combined effort by the government and the private sector to reduce the impact of HIV and AIDS.

The Environment: there are challenges to the implementation and enforcement of the law. These include; lack of institutional capacity to coordinate sector environmental responsibilities, a widely held notion that EIA process will be costly and potentially delay implementation of projects due to conflicting and fragmented environmental related pieces of legislation.

5. THE UPDATED STRATEGY

5.1 Introduction

The development of the updated strategy synthesises the current situation, national priorities outlined in policy frameworks, lessons learnt from the past PSDS and PSDP, as well new opportunities and challenges emerging from the new environment.

The main obstacles that were incurred in the last strategy of 2009 - 2013 were that beneficiaries of the PSDS and PSDP expected that funding would be provided by the programme, some IOs worked in silos and some did not mainstream PSDS activities in their organisational strategies. It was also apparent that there was duplication of efforts in implementation of policies by IOs who have overlapping mandates.

Though the approach to implementation was lacking deliberate cohesion, it did present the overall advantage of shared application of resources (financial and non-financial), as well as shared responsibilities and accountabilities. This led to the seeming lack of collaboration by IO's as the type and extent of implementation was confined to agency mandate and agency priority during the period as there was no fully resourced coordinating unit. Reliance on the under-resourced Business Botswana proved ineffective as the organization lacked resources to perform the task. Some IO's attempted to mitigate working in isolation and complementing efforts by signing MOUs amongst themselves.

The aforementioned challenges also emphasised a critical lesson learned which is that of the importance of a coherent coordination, monitoring, evaluation and learning system to track, measure and inform the implementation of the PSDS and PSDP.

The new strategy makes strategic proposals for the development of the private sector from 2024 to 2028. In developing the strategy, there are key terms which continue to ring from context analysis: economic diversification, value chain development, export orientation, productivity and competitiveness, inclusion, economic clusters and capacity development. These keywords will shape the updated PSDS's objectives, proposed strategies and activities in concerted efforts towards achieving the nation's vision of 'Prosperity for All'.

In this regard, the thrust of the PSDP will be focused on diversification (domestic and export), private sector led economic productivity, competitiveness, and inclusive growth.

5.2 The Strategic Vision and its Key Pillars

Strategic Private Sector Vision: To be private sector led, export oriented, high-income model economy in Southern Africa

Strategic Mission: Support the diversification of an industrialized and export-oriented economy dominated by the private sector through strengthened value chains, employment-creation, export and product diversification to achieve prosperity for all.

All the four key pillars for private sector development outlined in PSDS 2009-2013 will be carried forward but outlined in a different, dynamic manner in synchrony with current market dynamics. The previous pillars, referred to above, were listed as:

i) Trade expansion
ii) Productivity
iii) Trade support institutions
iv) Business climate

In addition, it is recommended that the new strategy to also focus on strengthening Business Botswana as a champion and coordinator private sector development.

There are trade expansion opportunities for development and growth of the private sector in Botswana. These include the expansion opportunities in the regional and international markets including SACU, SADC, EU, USA and AfCFTA where trade agreements have been signed with Botswana.

Locally, opportunities to invest in beneficiation and value addition operations do exist along the fragmented supply chain. The government has designed various schemes that give preference to local private sector firms that supply goods and services domestically, particularly to the public sector. The public-private sector partnerships being promoted by the government provide opportunities for the private sector to invest in high-value government projects. There are currently few successful public-private sector partnerships and are also usually short term, trade-based arrangements. The nature of these partnerships, if strategically moulded, would have greater impact on livelihoods and be more sustainable into the long term.

There are however, ***challenges and constraints*** to trade expansion including limited market information, limited range of products, uncompetitive products, gaps in trade facilitation, inward looking private sector, inward looking policies and low value addition within Botswana. Other challenges are found to be insufficient such as trade skills, high cost of technology and a small domestic market.

Productivity in Botswana is low when compared to other middle-income countries. Unfitting work ethics, the education system, mismatched industry skills, low investment in training, lack of training incentives and schemes have been identified to be the main reasons for low labour productivity.

The government has put in place institutions such as LEA, CEDA, BITC, BDIH, and newly established the Ministry of Entrepreneurship in 2022, to provide enterprises with support services in the areas of training and mentoring, product development, quality improvement, market information and financial services. While it is acknowledged that a lot of progress has been made, a few challenges and constraints were identified. These are budgetary, staff, infrastructure and equipment constraints; coordination among the institutions (IO's and BDSP's), limited access to the services especially in the rural areas and lack of awareness.

The Government of Botswana has taken several measures to improve the business climate leading to Botswana being compared favourably amongst countries that have attractive business climates. The latest measures under implementation were recommended by the IFC Country Private Sector Diagnostic Report of 2022. However, infrastructure, crime, corruption, and the administrative, energy, land, legal and regulatory framework were identified as areas that needed further attention to improve the business climate in Botswana.

As the apex business body, Business Botswana is tasked with leading private sector development through the PSDS. This assignment calls for some changes in the policies, structures, systems and strategies to effectively deliver the mandate.

The new Private Sector Development Strategy (2024 -2028) seeks to achieve the following goals:

1. Promoting and strengthening value chain development and beneficiation in the private sector.
2. Promote sector specific skills set in line with the industry needs.
3. Mainstream and support the informal sector and micro and small enterprises that are sustainable.
4. Strengthening the sector specific private associations.
5. Create an institutionalised monitoring and evaluation national structure (i.e., monitoring, evaluation and learning) focusing on private sector development.

As set by the last PSDS (2009-2013), some recommended strategies will be implemented by government agencies, development partners, Business Botswana and other stakeholders and partners in the private sector. This arrangement enhances complementary efforts, shared resources and reduces the burden of capacity shortfall through augmented collective capability.

The following strategy is an update of the PSDS (2009 -2013) and is to align with the new National Vision 2036, NDP11 and the Economic Recovery and Transformation Plan of 2020-2022.

Private Sector Development Strategy (2024 -2028) – Pillars, Goals and Objectives

The following five (5) themes and areas have been identified to define the routes and guidelines of the strategy:

- Strategic pillar N°1: Diversifying the economy and increasing production capacity.
- Strategic pillar N°2: Diversifying Botswana exports basket.
- Strategic pillar N°3: Mainstreaming the Informal Sector and Developing Micro and SMEs.
- Strategic pillar N°4: Improving competitiveness and productivity nexus.
- Strategic pillar N°5: Increase private sector participation as strategy implementation.

STRATEGIC PILLAR N°1: DIVERSIFY THE ECONOMY AND INCREASE PRODUCTION CAPACITY

The objective is to lay the foundations for a real diversification of Botswana's economy in order to be less dependent on the mining industry, particularly that of diamonds. There is a need to increase the productive capacities in prioritised sectors of agri-business (horticulture and small stock), manufacturing and tourism.

This strategic pillar includes the following strategic objectives:

S1.O1: Promote sustainable beneficiation of natural resources

The Ministry of Trade and Industry, through BITC and SEZA, commissioned studies which identified nine (9) value chains which should be optimized for development of the sectors and production thereof. This strategy seeks to identify and promote resource-based industry around locally available natural resources, maximizing the local product beneficiation in-country.

Priority is placed on the beneficiation of non-diamond mining to stimulate new products and markets along the value chains.

S1.O2: Support the development of products and services from high potential and job creating sectors

The last PSDS created a baseline of enterprises that were equipped with basic business and organisational performance skills and tools. The logical progression from the 2015 strategy is to graduate the private sector from high-potential entities past investor readiness to commercially productive and job creating enterprises impacting GDP and quality of livelihoods. Post COVID, the market dynamics have shifted on account of reduced physical interaction necessitating the increased use of technology and changes in trading and 'doing business' that resulted in emergent business models. The new environment presented opportunities for job creation particularly in the IT, digital and logistics space.

S1.O3: Strengthen private investment (Domestic and FDI)

This would entail generally improving the domestic savings rate which is below the average of high-bracket Middle Income Countries (22% vs. an average of 35%) to support domestic private investment. There is a need to strengthen the rate of local private investment beyond diamond related mining into the prioritised sectors. The establishment of necessary funding instruments and infrastructure to support private domestic investors, particularly in the effort to successfully participate in the privatisation of parastatals and purchase of other private service centres. It is recommended that this should include binding transition arrangements.

Eventually the disengagement of the government from commercial activities, for example in the ITC space (BTC), meat industry (BMC), energy sector (BO) and agri-processing (NAPRO); will have to be expedited in order to allow even competition, better quality of service and a more equitable flow of funds across the public and private sectors.

S1.O4: Promote economic growth in potential exportable products in line with bilateral and multi-lateral trade agreements

Botswana is party to a number of bilateral and multi-lateral trade agreements which have not been fully taken advantaged of. This strategy aims to identify and facilitate a movement towards products and services that are aligned with trade agreements that are in effect. It is also recognised that additional technical assistance may be required to access benefits from trade agreements. For example, AGOA represents over 6500 products Botswana could trade with the United States, of which many SME's, outside textiles industry, are reported to not have benefitted from.

Whiles quicker operationalisation of the One Stop border posts and storage facilities will increase trade activity across borders, the strategy remains focused in increasing domestic value addition and beneficiation of products and services.

STRATEGIC PILLAR N°2: DIVERSIFYING BOTSWANA EXPORT BASKET

As diamond production and exports are bound to decline over time, it is urgent to identify new export products and markets that are essential to Botswana's economic expansion. The current export base is narrow and dominated by minerals. Development opportunities exist in the diamond- and non-diamond supply chain, but it is also necessary to develop new sectors with export potential.

The strategic objectives that will guide the activities to be undertaken in this framework are as follows:

S2.01 Diversify products based on the results of the value chain analyses of the priority sectors

Priority sectors have been strategically selected in terms of the potential to increase beneficiation to local production. Sector and subsector mapping and value chain analysis demonstrate clear and quantifiable opportunities in the short, medium and long term; identifying supply chain opportunities from the supply side and the demand side in the value chain.

Over nine (9) value chain studies have been carried out in Botswana including beef and leather, piggery, small stock, horticulture, bees, tourism, poultry, diamond and non-diamond mining; representing opportunities to include products along the value chain into the export basket. There is a need to carry out an audit of the current export basket against identified priority sector products that can be included in the export basket.

S2.02 Product diversification within the supply chain, including identifying and supporting circular economies that may emerge

There is little value-add to Botswana products, especially in the agriculture sector and non-diamond mineral sector. Most products in identified sectors are traded as raw or semi-processed locally and as raw commodities or inputs for further processing in export markets.

Diversifying Botswana's export base should also include optimising the current supply chains by diversifying products within the supply chain. Not only will new exportable products, with high local beneficiation potential, be identified but it will allow first steps in developing circular economies around technical and organic goods, with the added advantage of creating sustainable and resilient supply chains.

This can be supported by awareness, training and capacity building of existing exporters in the priority sectors. More product and market research needs to be carried out to drive production and support supply chain management for successful product diversification.

Intensify promotion of export-oriented investments (BITC, SEZA).

S2.03 Create viable industries around these diversified products identified for export development

After a review of the the existing Value Chain studies, there will be a need to conduct new sector specific audits in context to local beneficiation, supported by locally available raw material or inputs, most likely within the supply chain; to identify commercial opportunities that exits to create products for new markets and new products for existing markets. To further enhance these efforts, linking products and markets to preferential bilateral and multilateral trade agreements will need to be intentional.

The creation of industries around supply chains is a direct indicator to include appropriate aggregated warehousing, cold storage, supply and marketing hubs particularly for non-technical goods (agri-business, horticulture, small stock, livestock) and ensure accessibility to necessary utilities and infrastructure to support new manufacturing and processing activities.

STRATEGIC PILLAR N°3: MAINSTREAMING THE INFORMAL SECTOR AND DEVELOPING MICRO AND SMES

Micro enterprises and the informal sector are part of Botswana's economy, being a job creator and having great potential for growth. The objectives under this pillar are to :

S3.O1 Include and facilitate the formalisation of micro enterprises
Research reports have shown that micro, small and medium enterprises are in the majority of the Botswana's private sector. Many of the country's jobs are in such firms, even though each one employs fewer than 100 people.

However, not much in the past has been intentionally done to mainstream the informal sector into private sector development programs. Under the national aspirations of 'No one left behind' and 'Prosperity for All', ME's in the informal sector should be formalised and enabled to access incentives and programs driven by the PSDS and PSDP thereafter, such as capacity building, training, financing, business support and sectoral representation.

The key movement under this objective will be to digitally transform the Local Authorities (City and District Councils) responsible for the licencing of MEs, and to thereafter integrate the existing database with that of LEA and CIPA.

There is a need for regulatory consideration and possible review, to assess and manage new business forms that have emanated from the COVID / lock down era. These new models have presented 'a virtual entrepreneur' that is smart and is significant by way of monetary mobile transaction but remains elusive in minimal formalisation by way of registration with banks, classification by CIPA, LEA or other regulatory authorities and by lack of regulation.

S3.O2 Develop the role of intermediary organizations responsible for providing them with the services necessary for their growth.
Intermediary Organisations are currently well developed for the support of formalised SMEs whose owners have also been trained in basic business skills. Currently, the informal sector licensing authority has the highest interaction with the non-formal sector SMEs; and are limited, by mandate, in the provision of specialised business support services.

It is imperative to conduct an assessment of services offered by IO's, identify weaknesses in service provision, capacity to do so and to identify areas of opportunity for growth and transformation e.g. digital transformation of licensing authorities (City and District Councils, Department of Cooperatives), intentionally accommodating informal sector SMME's in existing entrepreneurship programs and creating capacity and specialised knowledge and skills in existing IO's to enable them to support informal sector entrepreneurs.

The Ministry of Entrepreneurship has the overall mandate to create programs to support the growth of all enterprises in Botswana. In addition, there has been a call for the formation of a National Micro Enterprises Council that would mainstream the sector into the formal economy.

S3.O3 Financing Schemes

Informal sector's finance challenge is not only a case of lack of access but also the non-availability financing service. According to NBFIRA (Research Bulletin, 2022), Tokafala and Women's Finance House are the ***only*** financiers of SMMEs in Botswana; licenced by NBFIRA and regulated by the Bank of Botswana.

Micro lenders and other credit providers such as banks, savings and credit cooperative societies (SACCOS), and hire purchases, are regulated by different authorities including the Ministry of Investment Trade and Industry (in the case of CEDA); all of which are inaccessible to the informal sector given high threshold and collateral requirements.

In line with this objective, there is a need to introduce tailored financing instruments to provide direct financing (e.g., grants, loans) or to bring in more private financing (e.g., through guarantees) for informal sector SMMEs; with careful consideration of KYC requirements, thresholds and payment terms.

The new PSDS should look at activities to create a conducive environment and foster partnerships for private Fintech's (domestic and international) and other private financing providers to open their services and develop appropriate financing instruments for the informal sector.

S3.O4 Develop a central informal sector knowledge database.

Improve knowledge of the situation of informal sector SMEs through the development of informal sector demographics and the publication of a periodic scoreboard; suggested to be done in collaboration with BIDPA and highly recommended for mainstreaming into Vision 2036 milestone reporting.

This is in addition to statistical reports carried out by Statistics Botswana and performance reports generated the Bank of Botswana.

In order to enhance holistic quality reporting, synchrony needs to be facilitated into a Monitoring Evaluation and Learning and reporting mechanism, centrally housed in the Ministry of Entrepreneurship (LEA). This entails the integration of existing databases (LEA, CIPA and Local Authorities) and the creation of a knowledge and resource hub supporting the same. In addition, informal sector representation needs to be strengthened and mainstreamed in programs.

STRATEGIC PILLAR N°4: IMPROVING COMPETITIVENESS AND PRODUCTIVITY

The objective is to sustainably address the challenges and constraints of Botswana enterprises related to: (i) low levels of productivity, (ii) low competitiveness of products and services, and (iii) the high cost of production factors related to insufficient infrastructure. Strategic objectives will include:

S4.01 Organisational and management capacity to perform

Particularly given that the strategy will be focused on prioritised sectors, with a cluster and value chain development approach, activities of the strategies will emphasise that capacity building aims at aligning skills and training to match with industry (and value chain) needs in order to secure increased productivity.

Trainings must include targeting strategy and negotiation skills (for domestic and international marketing). Training service providers and IO's need to be capacitated to provide current and appropriate skills to the private sector (formal and informal).

Efforts carried out by BNPC, HRDC and educational institutions to address the mismatch between education, training and the labour market needs should be continued and adjusted to include modern digital skills.

S4.02 Examine SME competitiveness capability

Based on the ITC competitiveness survey report of 2019, this remains a problematic area.

The report confirms that skilled labour is still relatively scarce in Botswana; reporting '43% of interviewed firms were satisfied with the skill set they found on the labour market …. the remainder still rated skilled labour availability as low or average'. It also should not be overlooked that only 7% of MSMEs in the informal sector participated in the survey, creating the possibility that competitiveness rate is inflated.

S4.03 Organisational resilience and adaptability to changes in the market

Through the creation of new industries, consolidation of priority supply chains to optimise the use of domestic raw material and inputs will eventually lead to the diversification of products and markets. Activities supporting this objective are aimed at reducing the traditional reliance on government spending (i.e. *'tenderpreneurship'*); the antithesis of private sector development.

To create resilient and sustainable businesses, SMMEs will need to acquire skills in tenacity, ability to quickly adapt to a shifting market and develop a discipline for consistency in business activities. Though presenting a great opportunity, the PPADB requirement for subscription to business codes for participation in public supply is creating a weakness for SMMEs. It is noted that the subscription to various PPADB codes is perceived as a marketing strategy, with startups investing heavy amounts in purchasing codes with the hope of consideration to supply the government. This results in weak businesses (opportunistic), delayed skills development and takes away from industry specializations and innovation efforts; limiting overall growth.

S4.04 Improved access to finance

Financial access remains critical for SME growth and expansion. Financing is required for entrepreneurs to improve efficiency, produce, innovate, expand to new markets, and to reach their full potential. Apart from the base level provision of training in financial literacy, accounting and record keeping, the 'Mindset Change' should also echo integrity and encourage responsible borrowing and lending.

Generally, there are a number of financiers, mainly in the form of commercial banks who primarily serve medium and larger enterprises who meet the lending requirements (collateral and high-level formalization; in all cases including official financial statements) which are beyond what the micro, small and part of the medium enterprises can achieve. Other requirements include credit history, which completely leaves out micro and small enterprises who partially run their businesses on mobile money platforms. Mobile money platforms are limited in terms of reporting and are not recognised for credit worthiness of a business.

So activities under this objective propose broadening access to financial services and diversifying financial products to SME to boost economic growth and development. The Bank of Botswana, NBFIRA and related regulation from the Ministry of Finance will need to consider expanding private credit bureau and public credit registry coverage to include MSE's who run their businesses on mobile money platforms and E-wallets. The Bank of Botswana may have to regulate the financial products offered to small and micro-entrepreneurs to ensure they are affordable, sustainable and appropriate.

STRATEGIC PILLAR N°5: INCREASING PARTICIPATION AND LEADERSHIP FROM THE PRIVATE SECTOR IN PSDS / PSDP IMPLEMENTATION

Carried over from the last PSDS, and echoed in policies that support private sector development, is the need to increase the presence and influence of private sector practitioners in influencing and leading in the implementation of the PSDS and related PSDP.

S5.01 Increase private sector participation in delivering PSDS/PSDP.

Activities around this strategic objective will be anchored in strengthening private sector specific associations to deliver national PSDS activities, driven by a 'mind set change' to empower the private sector to actively participate and own the process.

5.3 Summary of strategic objectives of the psds and goals leading to the psdp activities

Table 15: Summary of strategic objectives and goals leading to the PSDP activities.

Strategic Pillar	Strategic objectives	Proposed Strategic actions	Responsible Institutions
Strategic Pillar N°1: Diversifying the economy and increasing production capacity	***S1.O1: Promote sustainable beneficiation of natural resources***	i. Implement Sector Specific Value chain analysis reports and recommendation by identifying products for development. ii. Develop industry based on local natural resources (Resource based industries). iii. Support construction of appropriate (fit for purpose) operational space and infrastructure for domestic and foreign investors. iv. Advocate for the alignment of the Citizen Economic Empowerment and related policies favouring local manufacturers. v. Support Botswana Oil in its beneficiation strategy.	***Ministry of Trade and Industry*** Ministry of Entrepreneurship LEA, CEDA, BEMA, BITC, SEZA, BB
	S1.O2: Support the development of products and services from high potential and job creating sectors	i. IO's and BDSP's to conduct pre-feasibility studies in prioritised sectors and package them for investment promotion (graduate status to investment readiness). ii. Promote high potential, job creating sectors through strategic forums locally and internationally. iii. Reduce Government participation in the identified sectors for investment and privatise some commercially oriented parastatals to facilitate robust private sector led economy.	***Ministry of Entrepreneurship,*** Ministry of Trade, PEEPA, SEZA, BITC, BTO, BDC
	S1.O3: Strengthen private investment (Domestic and FDI)	i. Offer targeted financial and non-financial incentives to potential investors in the identified sectors and product development. ii. Develop funding instruments specifically to support private sector participants to purchase parastatals; to include a binding transition of ownership.	***Ministry of Trade***, BITC, SEZA, Bank of Botswana, Ministry of Finance

	S1.O4: Promote economic growth in potential exportable products in line with bilateral and multi-lateral trade agreements	i. IOs and BDSP's to package export ready products which are aligned to specific bilateral and multi-lateral trade agreements. ii. Assess standards and requirements of targeted markets and drive local enterprises to develop products and services which conform to the specific target market, maximizing local value addition. iii. Support the implementation of the AGOA response strategy (over 6500 products) and seek technical assistance from USAID, to benefit from this non-reciprocal agreement. iv. Expedite the implementation of the One Stop Border Posts and the Walvis Bay Dry Port facility to facilitate smooth movement of goods into and outside Botswana. v. Expand local value addition and beneficiation along the copper/nickel, soda ash and other minerals chain (non-diamond extraction chain) for export.	***Ministry of Trade***, BITC, BB, BEMA, BURS, , SEZA, etc
Strategic Pillar N°2: Diversifying Botswana exports basket.	***S2.O1: Diversify products based on the results of the value chain analysis of the priority sectors***	i. Audit current export basket and identify priority sector products that can be added to the basket. ii. Include products in export programs.	Bank of Botswana, BURS, Ministry of Trade, BITC
	S2.O2: Product diversification ref: circular economy	i. Diversify export base of Botswana by identifying exportable products with potential for beneficiation through value chain analysis in agriculture, livestock and tourism and minerals. (non-diamond). ii. To build awareness and capacity of existing and potential exporters in priority sectors through exporter education. iii. Intensify promotion of export-oriented investment (SEZA).	***Ministry of Trade***, Ministry of Entrepreneurship, BITC, SEZA, CEDA, LEA
	S2.O3: Create viable industries around diversified products identified for export development	i. Review the existing and conduct new sector specific audits/studies in relation to local beneficiation. ii. Identify, within the value chain, business to business investment opportunities.	***Ministry of Entrepreneurship***, LEA, Ministry of Agriculture, BB

		iii. Promote cluster development and business linkages in the identified export potential value chain development sectors.	
	S2.O4: To diversify export markets through a vibrant and competitive private sector.	i. To diversify export markets by linking products and markets to preferential bilateral and multilateral trade agreements. ii. Conducts firm level export audits to gauge export readiness for external markets. iii. To support IOs improve markets access by conducting export audits into the regional and international markets. iv. To build awareness and capacity of existing and potential exporters in priority sectors through exporter education.	***Ministry of Trade***, BITC, EA, CEDA
Strategic Pillar N°3: Mainstreaming the Informal Sector and Developing Micro and SMEs	***S3.O1 Include and facilitate the formalisation of micro enterprises***	i. Promote cluster development and business linkages. ii. Introduce more inclusive empowerment policies and programs and review and package Citizen Empowerment schemes for micro enterprises. iii. Promote and develop appropriate sector sub-sector skills. iv. Establish micro enterprise capacity building programs in business and financial management. v. Improve informal sector representation through associations. vi. Establish a national association for micro enterprises like the SME association supported by LEA. vii. Develop appropriate working spaces and systems for micro enterprises	***Ministry of Entrepreneurship***, Ministry of Finance, Ministry of Local Government (City and District Councils), Department of Cooperatives (MoE) LEA, CEDA, BB
	S3.O2 Develop the role of intermediary organizations responsible for providing them with the services necessary for their growth.	i. Providing micro- enterprises with the services necessary for their growth. ii. Create business opportunities for small, medium, and micro-enterprises that will link with the other sectors of the economy. iii. Improve quality of products and services provided by the informal sector. iv. Review and conduct diagnostics audits and capacity needs assessments on micro enterprises. v. Review the licensing laws and regulations of informal of micro enterprises.	***Ministry of Entreprenuership*** LEA Ministry of Local Government (City and District Councils)

		vi. Empower City and District Councils to be digitally transformed.	
	S3.O3 Financing Schemes	i. Develop suitable financing instruments to the informal sector to stimulate growth and improve livelihoods. ii. Develop a financing strategy to support the participation of micro enterprises in value chain development. iii. Establish cooperatives for micro enterprises in identified service and value chain development. iv. Establish a credit recognition system that will allow access to growth financing. v. Set up a Savings and Credit Cooperative Society (SACCOS) for ME's. vi. Adjust formalization and KYC requirements.	***Ministry of Entrepreneurship***, LEA, CEDA, NDB, Credit bureaus for informal sector, Commercial Banks, CIPA, Bank of Botswana
	S3.O4 Develop a central informal sector knowledge database	i. Improve knowledge of the situation of informal sector SMEs through the development of appropriate statistics (number, sectors, size, turnover, location) and the publication of a periodic scoreboard. ii. Periodic collection of data on the informal sector and publication of an annual scoreboard. iii. Develop policies for micro-enterprises. iv. Business linkages in the economy to the informal sector v. Profile informal sector. vi. Integrate the CIPA, City Council and LEA databases to capture accurate informal sector statistics.	***Ministry of Entrepreneurship,*** Statistics Botswana, LEA, City Councils, BIDPA, Bank of Botswana, University of Botswana
Strategic Pillar N°4: Improving competitiveness and productivity	***S4.O1 Organisational and management capacity to perform***	i. Training in ethics and management. ii. Increase productivity of SME's. iii. Capacity building and training targeting strategy and negotiation skills (for domestic and international marketing). iv. Training providers and IO's need to be capacitated to provide current and appropriate skills to the private sector. v. Partner with the private sector in curricula development and reviews to address the skills gaps. vi. Matching education training and the labour market needs.	BNPC, BOBS, BQA, HRDC,

	S4.O2 Examine SME competitiveness capability	i. Promote the importance of subscribing to product and service standards. ii. Improve infrastructure, and related costs, that supports business such as transport and connectivity. iii. Digitally transform IO's supporting or providing services to the private sector. iv. Improve availability and access to utilities required by the industry (water and electricity). v. Reduce cost of utilities.	BOBS, PPADB Smart Bots (Office of President), Village Connectivity, BDIH, BOCCRA, BOFINET
	S4.O3 Organisational resilience and adaptability to changes in the market	i. Reduce reliance on 'tender chasing' (public procurement opportunities). ii. Adapt new skills to cope with emerging business and financial models post COVID. iii. Promote innovation in production.	PPADB, LEA, BNPC
	S4.O4 Improved access to finance	i. Improve financial management capability. ii. Increase access to credit to mitigate short team liquidity. iii. Diversify financing, micro financing and insurance products for SMEs.	Ministry of Entrepreneurship, CEDA, LEA, NDB, BECI, BB, NBFIRA, Bank of Botswana
Strategic Pillar No 5: Private Sector Leadership	***S5.O1 Increase private sector participation in delivering PSDS/PSDP***	i. Strengthening private sector specific associations to deliver national PSDS activities. ii. Establish a sectorial M&E approach to PSDS. iii. Provision of financial resources for implementation of strategic key components of the PSDP. iv. Push 'mind set change' to educate the private sector to appreciate TA as a paid service. v. Foster ownership and accountability of PSDP by the private sector.	***Ministry of Entrepreneurship***, BB, sector associations

5.4 Implementation matrix

The implementation matrix shows strategic pillars, strategic objectives and activities. It also shows the lead institutions who will be responsible for the coordination and the delivery of the strategy they are assigned and the timeframe. In some instances, an estimate of the operationalization / implementation (Programming) budget is indicated.

Table 16: Implementation matrix

Strategic pillar °1: Diversify the economy and increase production capacity								
S1.O1: Promote sustainable beneficiation of natural resources.				**Time Frame**				
Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**
i. Implement Sector Specific Value chain analysis reports and recommendation by identifying products for development	Fast-track Value Chain development of all emerging sectors. The different subsectors include Beef, Small-stock (goats and sheep, Dairy, Piggery, Poultry, Ostrich, Rain-fed arable agriculture (cereals, small grains, beans and pulses, Horticulture, Beekeeping, Fisheries and Agribusiness.	Sector Value Chains Developed. Diversified Products/Identified priority products for development	**Lead Agency:** Ministry of Entrepreneurship. **Support Agency**: Ministry of Agriculture	**X**				
ii. Develop industry based on local natural resources (Resource based industries)	Research Current Resources Identified from value chains and Repackage Investment opportunities through bankable feasibility studies	Diversified Economy and Beneficiation of local raw materials and diversified product and industry base.	**Lead Agency:** Ministry of Trade and Industry **Support Agencies:** BITC, BEMA		**X**			
iii. Support construction of appropriate (fit for purpose) operational space and infrastructure for domestic and foreign investors	Provision of Serviced Industrial and Commercial land for Spatial Development in other centers such as Palapye, Francistown, Lobatse, Gantsi etc	Availability of Operational Space (Factory Shells) as an incentive to investors	**Support Agencies**: BITC, SEZA, BDC, PRIVATE SECTOR	**X**				

iv. Advocate for the alignment of the Citizen Economic Empowerment and related policies favour local manufacturers	Revamped EDD linked to Citizen Empowerment Inclusion Policy/Law	Access to Local Market Access	**Lead Agency:** Ministry of Entrepreneurship. **Support Agencies:** EED and BB	**X**				
v.Support Botswana Oil in its beneficiation strategy	Beneficiation and value added to Production- Coal. Domestic beneficiation of coal.	Coal To Liquids and New Products produced	**Support Agencies:** BB & Botswana Oil		**X**			
S1.O2: Support the development of products and services from high potential and job creating sectors								
Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**
i. IO's and BDSP's to conduct pre-feasibility studies in prioritized sectors and package them for investment promotion (graduate status to investment readiness)	Bankable Feasibility study reports completed and shared with potential investors at a fee. Priority sub-sectors are identified based on productivity and economic contribution.	Bankable Sector Feasibility Studies Produced and New Investment Opportunities Packaged.	**Lead Agency:** Ministry of Trade and Industry **Support Agencies:** SEZA, BDC, BITC			**X**		
ii. Promote high potential, job creating sectors through strategic forums locally and internationally	Fast-track implementation of the existing 9 sector value chains development and add other emerging ones i.e. Beef, Dairy, Small Stock (goats sheep), Piggery, Tourism, Poultry, Bees, Horticulture, etc.	Increased Local and Foreign Direct Investment achieved	Support Agencies: BITC, SEZA			**X**		
iii. Reduce Government participation in the identified sectors for investment and privatise some commercially oriented parastatals to facilitate robust private sector led economy	Issue Presidential Decree to Diverts from Commercial Oriented Parastatals	Robust Private Sector Lead industries and economy created	**Lead Agency:** Ministry of Trade and Industry **Support Agencies** : PEEPA, Government Planning Unit(Office of the President)				**X**	
S1.O3: Strengthen private investment (Domestic and FDI)								

Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**
i. Offer targeted financial and non-financial incentives to potential investors in the identified sectors and product development.	Extend Packaged Financial and non-financial incentives to identified sectors especially Agriculture Value Chain projects promoted by other IO,s. E.g. BDC, NDB	Packaged and Guaranteed Sector Specific Incentives	**Lead Agency:** Ministry of Finance and Economic Planning **Support Agency:** Ministry of Trade and Industry. SEZA, BITC, BTO			**X**		
ii. Develop funding instruments specifically to support private sector participants to purchase parastatals; to include a binding transition of ownership	Unlock seed capital from pension funds such BPOPF, BIFM etc to participate in purchase of commercially viable Parastatals.	Privatisation of Commercial Oriented State Owned Enterprises	**Lead Agency:** Ministry of Finance and Economic Planning **Support Agency:** Ministry of Trade and Industry **Support Agency:** PEEPA				**X**	
S1.O4: Promote economic growth in potential exportable products in line with bilateral and multi-lateral trade agreements								
Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**
i. IOs and BDSO's to package export ready products which aligned to specific bilateral and multi-lateral trade agreements.		New Product and Market Development for export markets	**Lead Agency:** Ministry of Trade and Industry, **Support Agency:** BITC, BB, BEMA, BURS, SEZA		**X**			
ii. Assess standards and requirements of targeted markets and drive local enterprises to develop products and services which conform to the specific target market, maximizing local value addition.	Conduct Product and Market Research to establish competitive requirements of the targeted export markets	A dossier of products standards, TBT, Certifications, and Intellectual Property Rights	**Lead Agency:** Ministry of Trade and Industry. **Support Agency:** BITC, BOBS, BOTC, BEMA			**X**		

iii. Support the implementation of the AGOA response strategy (over 6500 products) and seek technical assistance from USAID, to benefit from this non-reciprocal agreement	Re-establish links with US Trade Hub technical office to profile and audit AGOA export ready products. Resource and Empower AGOA Coordination under BITC to deliver its mandate Capacitate priority sectors and support associations to increase production capacity and to improve the quality of products.	Designed and Packaged Export development programs for AGOA market with support U.S. institutions such as American National Standards Institute (ANSI), National Institute of Standards and Technology (NIST) and ASTM International to improve capacity on standards and quality	**Lead Agency:** Ministry of Trade and Industry. **Support Agency:** BITC, SEZA, BEMA, BB		**X**			
iv. Expedite the implementation of the One Stop Border Posts and the Walvis Bay Dry Port facility to facilitate smooth movement of goods into and outside Botswana.	Monitoring of implementation of (OSBP)by Botswana Unified Revenue Service (BURS)	Improved Trade Facilitation across borders	**Lead Agency:** Ministry of Finance and Economic Planning. **Support Agency:** Ministry of transport and Communications, Botswana Railways, BURS, Department of Immigration	**X**				
v. Expand local value addition and beneficiation along the copper/nickel, soda ash and other minerals chain (non-diamond extraction chain) for export.	Re-Packaged Investment Opportunities by SEZA, BITC BDC through an Investor Guide Booklet.	Increased and more diversified export basket.	**Lead Agency**: Ministry of Minerals and Energy Affairs. **Support Agency:** BITC, BB, BEMA, SEZA			**X**		
Strategic Pillar N°2: Diversifying Botswana exports basket								
S2.O1: Diversify products based on the results of the value chain analysis of the priority sectors								
Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**

i. Audit current export basket and identify priority sector products that can be added to the basket	Packaged Export Potential Investment Opportunities by SEZA, BITC, BDC	Diversified Exportable Product Portfolio	**Lead Agency:** Bank of Botswana, **Support Agencies**: BURS, Ministry of Trade, BITC			**X**		
ii. Include products in export programs	BITC to Implement BEDP 2020-2024	Product Development and Export Readiness programmes	BITC, BB. BEMA	**X**				
S2.O2: Product diversification ref: circular economy								
Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**
i. Diversify export base of Botswana by identifying exportable products with potential for beneficiation through value chain analysis in agriculture, livestock and tourism and minerals. (non-diamond)	Implement the National Export Strategy (NES) 2019-2024 and Packaged Potential Investment Opportunities	Diversified Exportable Product Portfolio	***Lead Agency: Ministry of Trade and Industry*** **Support Agency:** Ministry of Entrepreneurship, BITC, SEZA, CEDA, LEA				**X**	
ii. To build awareness and capacity of existing and potential exporters in priority sectors through exporter education.	Prioritise promotion of export-oriented investments. BITC to Implement BEDP 2020-2024	Implementation of Exporter Development Programmes	**Lead Agency:** Ministry of Trade and Industry **Support Agency:** Ministry of Entrepreneurship, BITC, SEZA, CEDA, LEA			**X**		
iii. Intensify promotion of export-oriented investment (SEZA)	Monitor implementation of SEZA projects.	Investments into SEZA identified zones	SEZA, BITC			**X**		
S2.O3: Create viable industries around diversified products identified for export development								
Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**

i. Review the existing and conduct new sector specific audits/studies in context to local beneficiation	New Packaged Potential Investment Opportunities.	New Emerging Sectors Identified	***Lead Agency:*** Ministry of Entrepreneurship. ***Support Agency:*** LEA, Ministry of Agriculture, BB**,** BITC**, *BDC***			**X**		
ii. Identify, within the value chain, business to business investment opportunities	Establishment of commercial slaughter facilities for Sheep, goats, pigs, poultry etc. Packaged Sub-Sectors Potential Investment Opportunities	New Investment Opportunities Developed and Packaged.	BITC, LEA, CEDA, SEZA				**X**	
iii. Promote cluster development and business linkages in the identified export potential value chain development sectors	Establish Breeding Farms for Pigs, Goats, Sheep. Introduce contract farming for small scale producers to link with big retail chain stores to increase supply side.	Development of business linkages with suppliers and buyers	**Lead Agency:** Ministry of Entrepreneurship. **Support Agency:** BITC, SEZA, CEDA, LEA				**X**	
S2.O4: To diversify export markets through a vibrant and competitive private sector.								
Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**
i. To diversify export markets by linking products and markets to preferential bilateral and multilateral trade agreements	Conduct targeted awareness workshops on trade agreements e.g., AGOA	Database of Existing and Potential export firms and Increased Exports	***Lead Agency:*** Ministry of Trade and Industry **Support Agency:** BITC, BEMA, CEDA, BB			**X**		
ii. Conducts firm level export audits to gauge export readiness for external markets	Create database of Export Ready Firms and Create Online Botswana Exporters Directory	Exporter Development Programmes	BEMA, BITC, BB, BIDPA			**X**		
iii. To support IOs improve markets access by conducting export audits into the regional and international markets.		External Market reports produced	**Lead Agency:** Ministry of Trade and Industry			**X**		

iii. To build awareness and capacity of existing and potential exporters in priority sectors through exporter education.		Exporter Development Programmes	BEMA, BITC, BB		**X**			
Strategic Pillar N°3: Mainstreaming the Informal Sector and Developing Micro and SMEs								

S3.O1 Include and facilitate the formalisation of micro enterprises

Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**
i. Promote cluster development and business linkages	Profile Micro enterprises and create a National validated database	Increased number of sector specific Value Chain Development	**Lead Agency:** Ministry of Entrepreneurship. **Support Agency**: LEA, CEDA				**X**	
ii. Introduce more inclusive empowerment policies and programs	Review and package Citizen Empowerment schemes for micro enterprises	Packaged Special Incentives for SMME such as CEDA Mabogo Dinku	**Lead Agency:** Ministry of Finance and economic Planning			**X**		
iii. Promote and develop appropriate sector sub-sector skills	Research Capacity and Training Needs of sub-sectors. Undertake enterprise skills and competencies audit	Development of SMME training programmes	HRDC, BUAN, UB, BNPC, LEA					

iv. Establish micro enterprise capacity building programs in business and financial management	Conduct an audit of enterprise financial management literacy. Provide training in enterprise financial management. Provide mentoring and coaching in enterprise financial management	Identify Training institutions and BDSP that offer training on financial literacy and awareness programmes	**Lead Agency**: Ministry of Entrepreneurship			**X**		
v. Improve informal sector representation through associations.	Strengthen National Micro Enterprises Council.	National SMME association established	LEA, CEDA, BB, Botswana Informal Sector Association.	**X**				
vi. Establish a national association for micro enterprises like the SME association supported by LEA	Establish an Institutional Structure/Shared Services	National SMME association established	**Lead Agency:** Ministry of Entrepreneurship **Support Agency:** Department of Cooperatives			**X**		
vii. Develop appropriate working spaces and systems for micro enterprises	Conduct feasibility studies, develop strategic plans and establish market infrastructure	Functional market infrastructure and systems	Lead Agency: BB, LEA Support Agency: Min of Agriculture					
S3.O2 Develop the role of intermediary organizations responsible for providing them with the services necessary for their growth.								
Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**
i. Providing micro-enterprises with the services necessary for their growth		Improved productive capacity of SMMEs	**Lead Agency:** Ministry of Entrepreneurship				**X**	
ii. Create business opportunities for small, medium, and micro-enterprises that will link		Researched and Packaged Investment Opportunities into micro-enterprises.	**Lead Agency:** Ministry of Entrepreneurship				**X**	

with the other sectors of the economy								
iii. Improve quality of products and services provided by the informal sector.	Produce simple training and capacity building modules for Micro-enterprises to improve productivity and quality in production of goods and services	Capacity building and awareness workshops on minimal application of national standards. Improve competitiveness of SMMs	LEA, BOBS, BNPC, Ministry of Health, local Authorities.		**X**			
iv. Review and conduct diagnostics audits and capacity needs assessments on micro enterprises	Institutionalise mentoring and business coaching programmes	National Validated data base of micro-enterprises	**Lead Agency:** Ministry of Entrepreneurship **Support Agency:** BIDPA, Statistics Botswana, LEA, BB	**X**				
v. Review the licensing laws and regulations of informal of micro enterprises	Localise Trade Related Aspects of Intellectual Property Rights (TRIPS). Patents, Industrial designs, Trademarks, Copyrights etc.	Removal of impediments to doing business by ME, s. Awareness of counterfeit and pirated goods	**Lead Agency:** Ministry of Local Government (City and District Councils), Police, CIPA			**X**		
vi. Empower City and District Councils to be digitally transformed	Incorporate E-Gov System	Improved ease of doing business and efficient facilitation of stakeholders such as MME, s. Improved service delivery to stakeholders.	**Lead Agency:** Ministry of Local Government (City and District Councils),			**X**		
S3.O3 Financing Schemes								
Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**

i. Develop suitable financing instruments for the informal sector to stimulate growth and improve livelihoods	Develop new finance schemes targeting MEs	Registration of MFs Available financing to MEs	BECI, CEDA, BANKERS ASSOCIATION OF BOTSWANA, NDB			**X**		
ii. Develop a financing strategy to support the participation of micro enterprises in value chain development.	Disseminate information on existing ME schemes from Government and private sector.					**X**		
iii. Establish cooperatives for micro enterprises in identified service and value chain development	Simplify requirements for access to Agricultural Guarantee schemes housed by NDB. Conduct Nationwide Awareness campaign on - CEDA - Mabogo Dinku scheme		**Lead Agency**: Ministry of Entrepreneurship		**X**			
iv. Establish a credit recognition system that will allow access to growth financing							**X**	
v. Set up a Savings and Credit Cooperative Society (SACCOS) for ME's		Sector Specific cooperatives are established	**Lead Agency**: Ministry of Entrepreneurship					
VI. Adjust formalization and KYC requirements	Consider utility bills or another lower threshold document for KYC	Redefined formalization requirement	CIPA, LEA, Local Authorities			**X**		
S3.O4 Develop a central informal sector knowledge database								
Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**

i. Improve knowledge of the situation of informal sector SMEs through the development of appropriate statistics (number, sectors, size, turnover, location) and the publication of a periodic scoreboard	Baseline studies on the informal sector	Adopted classification of the informal sector Digitalized central database	LEA, Local authorities, Ministry of Entrepreneurship, BB			**X**		
ii. Periodic collection of data on the informal sector and publication of an annual scoreboard		Informal sector publication	BIDPA, Ministry of Entrepreneurship, Informal Sector Association, LEA			**X**		
iii. Develop policies for micro-enterprises		Informal Sector Policies and ME Regulations	Ministry of Entrepreneurship			**X**		
iv. Business linkages in the economy to the informal sector	Create an appropriate business forum to link MEs and SMEs to buyers	Number of business linkage events	BB, LEA, Informa Sector Association	**X**				
v. Profile informal sector			CIPA, LEA, Ministry of Entrepreneurship, BB			**X**		
vi. Integrate the CIPA, City Council and LEA databases to capture accurate informal sector statistic		Digital registration at Local Authorities Centralized database	SmartBots, CIPA, LEA, Local Authorities			**X**		
Strategic Pillar N°4: Improving competitiveness and productivity								
S4.O1 Organisational and management capacity to perform								
Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**
i. Training in ethics and management		Offering of business ethics in business and management short courses	BNPC, BOBS, BQA, HRDC, BB Business Councils		**X**			

		Development of ethics and industry codes of conduct						
ii. Increase productivity of SME's	Continuous monitoring and evaluation of performance	Programmed training and capacity building Productivity campaigns	BNPC, LEA, CEDA, Ministry of Entrepreneurship, BOBS	**X**				
iii. Capacity building and training targeting strategy and negotiation skills (for domestic and international marketing)	Consider a 'Deal Room' Bootcamp	Number of trainings Number of successfully negotiated deals	BITC, LEA, BDIH, training institutions		**X**			
iv.Training providers and IO's need to be capacitated to provide current and appropriate skills to the private sector		Benchmarking External training	IOs, HRDC, BNPC			**X**		
v. Partner with the private sector in curricula development and reviews to address the skills gap		Changes in business curriculum Number of PPPs in curriculum development	BNPC, BQA, HRDC, tertiary institutions, Ministry of Education, Ministry of Entrepreneurship		**X**			
vi. Match education training and the labor market needs	Intensify market scans and skills gap analyses	Increased training of employees Absorption of employees based on skill	BNPC, BQA, HRDC, tertiary institutions, BURS, Ministry of Education, Ministry of Entrepreneurship				**X**	

S4.O2 Examine SME competitiveness capability

Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**
i. Promote the importance of subscribing to product and service standards		Number of new standards More subscribers to QA and product testing	BOBS, PPADB, NAFTRC, BURS, Consumer watchdog					

ii. Improve infrastructure, and related costs, that supports business such as transport and connectivity	Much work is already being done through SmartBots	Increased access to telecommunications and connectivity Reduced telecommunications rates Reduced costs of devices	Smart Bots (Office of President), Village Connectivity, BDIH, BOCCRA, BOFINET, BITRI		**X**			
iii. Digitally transform IO's supporting or providing services to the private sector	National digitalisation and digital transformation program Promote e-Commerce	Number of digital and USSD based services available to the private sector	BDIH, SmartBots, BOCCRA, BOFINET, BITRI			**X**		
iv. Improve availability and access to utilities required by the industry (water and electricity)		Quicker turnaround time to installations Increased services Stability of services	MMEWA, BPC. Ministry of Finance, SEZA				**X**	
vi. Reduce cost of utilities	On installations and consumption units	Reduced charges Service to more geographic locations	BPC, BTC, Water Utilities, mobile operators, Ministry of Mineral Resources, Green Technology and Energy Security				**X**	
S4.O3 Organisational resilience and adaptability to changes in the market								
Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**
i. Reduce reliance on 'tender chasing' (public procurement opportunities)	Revised EDD program to design requirements for direct purchase from manufacturers	Revised policy and regulation	**Lead Agency:** Ministry of entrepreneurship **Support Agency:** PPADB, LEA, BNPC					**X**
ii. Adapt new skills to cope with emerging business and financial models post COVID		Policy and regulation to adapt to new business entities and environment	MTI, Ministry of Entrepreneurship					**X**
iii.Promote innovation in production		Increased sophistication in products and services	BDIH, BITC, LEA, CEDA, BB Sector Associations			**X**		

		New products for new and existing markets						
S4.O4 Improved access to finance								
Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**
i. Improve financial management capability		Increased training in financial literacy Reduced defaulters to CEDA loans Successful implementation of business plans	Ministry of Entrepreneurship, CEDA, LEA, NDB, BECI, BB, NBFIRA, Bank of Botswana		**X**			
ii. Increase access to credit to mitigate short team liquidity		Financial liquidity to undertake activities	Ministry of Entrepreneurship, CEDA, LEA, NDB, BECI, BB, NBFIRA, Bank of Botswana					
iii. Diversify financing, micro financing and insurance products for SMEs		Financially secure SMEs	Ministry of Entrepreneurship, CEDA, LEA, NDB, BECI, BB, NBFIRA, Bank of Botswana					
Strategic Pillar No 5: Private Sector Leadership								
S5.O1 Increase private sector participation in delivering PSDS/PSDP								
Proposed Strategic actions	**Remarks**	**Success/Output Indicator**	**Responsible Institution**	**2024**	**2025**	**2026**	**2027**	**2028**
i. Strengthening private sector specific associations to deliver national PSDS activities		Capacitated and active private sector associations	Ministry of Entrepreneurship, BB, sector associations					
ii. Establish a sectorial M&E approach to PSDS		Coordinated monitoring	Ministry of Entrepreneurship					

iii. Provision of financial resources for implementation of strategic key components of the PSDS		Tangible private sector investments in PSDS activities	Ministry of Entrepreneurship LEA, CEDA					
iv. Push 'mind set change' to educate the private sector to appreciate TA as a paid service		Private sector paying for technical assistance	Ministry of Entrepreneurship					
v. foster ownership and accountability of PSDS by the private sector		Private sector advocating for PSDS activities	Ministry of Entrepreneurship					

As far as implementation, monitoring & evaluation and funding are concerned, there is need to align the implementation, monitoring and evaluation to the newly reconfigured ministries, parastatals and local authorities. There is change compared with what was proposed in the 2008 PSDS regarding the organizational structure.

Though most of the proposals made in the PSDS 2008-2013 were carried, the implementation, and monitoring and evaluation, was not sufficiently coordinated. The updated PSDS therefore emphasizes not only resourcing, but coordination in implementation, monitoring and evaluation elements.

Implementation

Annual work plans shall be prepared by the proposed enhanced PSDS coordination secretariat, which now comprises only of Business Botswana, is to facilitate the operationalisation this strategy. The annual work plans shall be prepared in consultation with the implementing partners and shall be approved by the group.

Implementation of the PSDS is multi-sectoral and shall require various structures in place at different levels of government, the private sector and development partners.

It is recommended that:

i. The High-Level Consultative Council (HLCC) will remain in place providing leadership in implementing this strategy.
ii. The National Steering Committee, which will be a subcommittee of the HLCC and comprising representatives from key private sector associations and core government ministries and agencies, remain responsible for the delivery of the strategy results.
iii. The Sector Technical Committees will remain to support the National Steering Committee and shall provide technical support to the implementers.
iv. Business Botswana will continue to be the anchor of the secretariat for PSDS. Such a role coupled with the responsibility of coordinating the implementation of PSDS necessitates substantial upgrading of Business Botswana’s capacity.
v. Implementing partners shall be expected to integrate the interventions in their work programs.

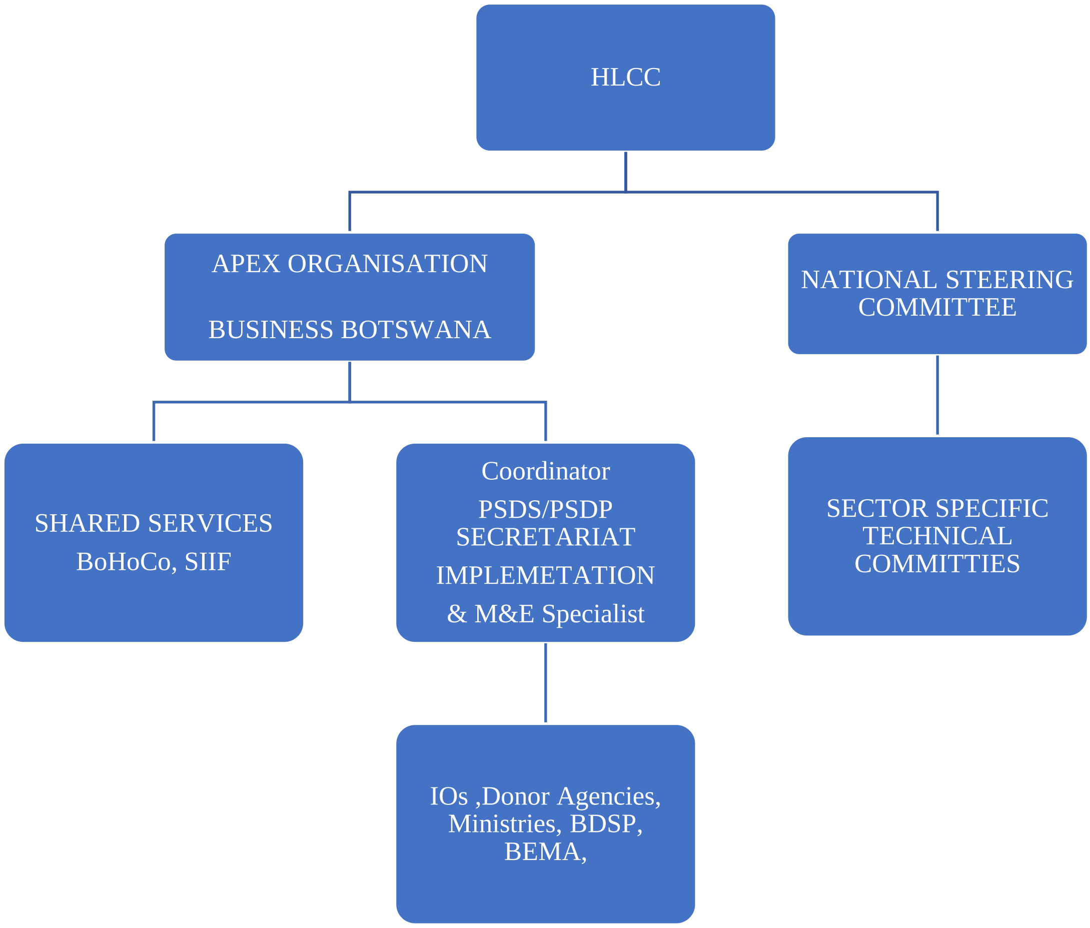

Figure 4: Proposed implementation organogram

6 THE ENABLERS

6.1 Soft enablers (Policies and Legislation)

To be successful, the PSDS requires a national conducive business environment as demonstrated by some enablers below:

- There is a good relationship between the Government and the Private sector Organisations as demonstrated by the HLCC and NBC forums.
- The parliament of Botswana has approved an Economic Recovery and Transformation Plan (ERTP) in October 2020. The ERTP, and TNDP 2025 will call for this strategy to be continuously appraised to be relevant to Government strategic initiatives at national level.
- The President of the Republic of Botswana, HE Dr Mokgweetsi Masisi has announced, since 2018, that the country should graduate to a knowledge economy by transitioning to the digital economy. To achieve the digital economy, the Government has plans to invest 1½ percent of GDP (about 22 percent of total development expenditure) in this sector during 2021–23.
- The following will also contribute to the conducive environment during the implementation of the new revised PSDS: the 2021 ICT Policy Review and National E-Commerce Strategy of Botswana, Digital Transformation: which established key legal and regulatory measures, and now stands positioned to expand its e-commerce sector. That is the E-Government Initiative.
- The National Development Bank is in the process of transitioning to an Agri-Bank to focus on Agribusiness financing in Botswana and would cater for Value Chain Development in agriculture sector.
- The setting up of Ministry of Entrepreneurship in 2022 which is now responsible for Enterprise Development and Support for an Integrated Small & Micro Enterprises would be the key stakeholder in the implementation of revised PSDS.
- There are several policies and programmes that contributes to the Business Environment Reforms which are elaborated below.

Trade Facilitation Reforms:

- The Government of Botswana is implementing One-Stop Border Posts (OSBP) with its neighbours which will operate on a 24-hour basis to facilitate seamless trade between the countries.
- The ongoing merger of Strategic Investment Promotion (IO’s) and the new Tax Incentives and Concessions administered by SPEDU and SEZA would improve the domestic and foreign direct investments into the economy.
- The new National Investment Strategy (NIS) for 2023-2030 and the envisaged Investment Law (Economic Inclusion Law/Policy) is fundamental to the new revised PSDS.
- Other important new initiatives are the Value Chain Development and the Approved Mineral policy of 2022 which will have a positive impact on the PSDS.

- Ease of Doing Business: The Companies and Intellectual Property Authority (CIPA) built and successfully integrated the Online Business Registration System (OBRS) with Botswana Unified Revenue Services (BURS) and the Immigration Office. This will reduce the time taken to get services from the concerned institutions. In addition, there has been an improvement in the road networks and border facilities; borders are being converted into One Stop Border Posts to ease cross border trade. Ongoing development of the transport and logistics network includes works on the Trans Kalahari Highway which links Botswana to Namibia (Walvis Bay Dry Port) and the envisaged railway line from Mosetsi through Kaungula to Zambia. Finally, the construction of a new rail line that links Mmamabula Coal mine to Lephalale in South Africa.

Export Oriented Initiatives:

- Botswana enjoys enviable preferential market access provisions to the world's main markets through Bilateral and Multi- Lateral Trade Agreements.
- The governments of Botswana, Zimbabwe and Mozambique have renewed a Memorandum of Understanding for the construction of a regional railway line to link Francistown in Botswana to the Mozambican port of Techobanine, through Bulawayo, in Zimbabwe, under the AfCFTA aiming to improve regional trade.
- In addition, Botswana is a beneficiary member under African Growth and Opportunity Act (AGOA) of the United States of America (USA), which is expected to run to 2025.
- The new National Investment Strategy (NIS) for 2023-2030 would also influence the success of the PSDS strategy.
- In November 2022, the country officially launched the National Risk Assessment (NRA) for money laundering, terrorist and proliferation financing and is in the process of developing risk management strategies. The initiative would help Botswana trade internationally without the risk of gray listing as previously experienced.

6.2 Hard Enablers

Infrastructure

Botswana is landlocked and this contributes to high transport costs that undermine the competitiveness of export prices and affect the ability of firms to serve markets on time. Comparatively with its neighbours such as South Africa, Botswana has low road quality which is a significant constraint to smooth trade with external markets. Botswana’s rail and air infrastructure are not conducive to supporting export growth at the moment despite pronouncements of an establishment of a cargo hub at SSKIA by SEZA:

- To improve Botswana Rail, Air, Roadway, and digital infrastructure, for instance, the country can benefit from public-private partnerships (PPPs) that can increase private sector participation.
- Post Covid 19, in order to improve the infrastructure in Botswana, the Economic Recovery Transformation Plan initiatives, the Government has a budgeted P1.87 billion or 11.40 percent

is allocated to the Ministry of Transport and Communications. The funding under the Development funds was granted in order to cater for ongoing projects like the Two Bridge Projects (Kazungula and Mohembo Bridges), Botswana Integrated Transport Project (BITP), Maun Airport Decongestion and Air Navigation Services Projects. These are aimed at improving the much-needed quality infrastructure and facilitate trade with the neighbouring countries.

- The Government of Botswana has established Special Economic Zones Authority (SEZA) to develop primary infrastructure and provide roads, utilities, sewage system, drainage as well as develop Public-Private Partnerships and Public Private Partnership Special Economic Zones (SEZs) infrastructure. The revised PSDS will leverage on these new initiatives by the Government.

Energy

Box 2: Hard enablers in energy

The government of Botswana plans to increase the contribution of renewables to the total energy supply mix to at least 15 percent by 2030 and 50 percent by 2036 (Vision 2036).The Integrated Resource Plan (2020–40), the National Energy Policy (2021), the Renewable Energy Strategy (2018), the Sustainable Energy Action Agenda (2018), the Rooftop Solar Program (2020), and the Renewable Readiness Assessment (2020) all reflect ambitious targets and plans to increase domestic power supply by increasingly using renewable energy **Source :** Toward a New Strategy for Diversification and Private Sector Growth Country Private Sector Diagnostic ,June 2022

- The Botswana’s energy sector provides significant private sector opportunities to supply key growth industries, with a focus on renewable energy generation. Botswana can leverage its comparative advantage to produce solar energy and support energy diversification in the region.
- The Department of Energy is the lead policy-making organ in the energy sector. It formulates and coordinates the implementation of the National Energy Policy. The 2007 amendment allows for liberalization of the electricity sector to allow for private sector participation.
- The Botswana Energy Regulatory Authority (BERA) was created in 2017and is responsible for performance, quality, and economic regulation of energy supply and services.
- An Integrated Resource Plan (IRP) approved in late 2020, will guide future power generation in Botswana. The IRP proposes a number of energy projects to be implemented by 2030 to meet the growing energy demand of the economy.
- The regulator (BERA) has in recent years awarded generation licenses to six Independent Power Producers (IPPs) for both domestic and export sales. These projects include 200 MW of large-scale solar photovoltaic (PV) generation capacity; a total of 35 MW smaller grid- tied solar PV projects; a 300MW coal-fired power station; 100MW of coal bed methane (CBM) gas power plants; a 200MW concentrated solar power (CSP) plant; and 50MW from wind power. (Budget Speech 2022).

Water

The Government of Botswana has committed that for the financial year 2022/23, the Ministry of Land Management, Water & Sanitation Services has set aside over P4.5 billion for water projects. (Source: Committee of Supply statement by Minister to parliament,2022)

Examples of several major projects are ongoing, including the: Gaborone – Lobatse water pipeline, Maun water and sanitation upgrade. 100km Masama Mmamashia Pipeline, Mahalapye Water Treatment Plant Expansion, Palapye Water Treatment Plant Expansion, Mmathethe Ramonnedi HDPE Pipeline Project, North South Carrier Pipe Lines (NCS 2.1 & 2.2)

Despite the government of Botswana showing commitment to increasing long-term water security, the country forecasted to become highly water stressed by 2040. However, Botswana has clear policy objectives for its water sector and it provides water and sanitation services through the Water Utilities Corporation (WUC) (Toward a New Strategy for Diversification and Private Sector Growth Country Private Sector Diagnostic, June 2022)

Despite the good intentions in the water and sanitation sector, the water sector continues to experience challenges such as in Agriculture, mining, and tourism all face poor output risks because of inadequate water supply. The challenges are attributed to droughts and increases in demand.

Transport and Communication

The enablers in the Transport and Telecommunications are as highlighted below:

- Botswana has developed modern e-legislation that now includes Data Protection Act, Electronic Records (Evidence) Act, Communications Regulatory Authority Act, Cybercrimes and Computer Related Crimes Act. These are meant to further contribute to a conducive business environment in Botswana.
- National Cybersecurity Strategy (NCS): On October 2020, NCS was approved as per Presidential Directive 30(B)/2020. The strategy is to secure Botswana cyberspace.
- The establishment of the Communications Regulatory Authority act (CRA) of 2012: The Ministry through Botswana Communications Regulatory Authority (BOCRA) has been implementing CRA act of 2012.

Privatisation: Botswana has partially privatised the ICT industry, with structural separation of Botswana Telecommunication Corporation into retail-oriented BTCL and wholesale-oriented Botswana Fibre Networks (BoFiNet). The government has also implemented the Village Connectivity program through SmartBots, which aims connecting 504 villages in Botswana with high-speed internet in a phased approach to complete national broadband coverage through competitive procurement from the private sector. The wholesale prices of internet have been dropping over the years given that the program provides affordable to free broadband connectivity in urban, rural and agricultural areas, and free internet access in public institutions.

7 RISK ANALYSIS

Hazards that may affect implementation of the strategy. The likelihood of listed occurrence with potential impact will require mitigation strategies:

- Loss of key staff involved in PSDS.
- Lack of leadership commitment towards the design and implementation of the Strategy.
- Lack of support and commitment by the relevant stakeholders and collaboration with IO.
- Inadequate funding and dependency on grants for funding.
- Withdrawal or termination of funding by partners.
- Inability of the BB and its sector associations to implement the strategy.
- Lack of appreciation of the PSDS strategy by relevant stakeholders.
- The slow implementation of the PSDS by IOs and other private sector players or associations.
- Intermediary Organisations and private sector players do not have the will to implement the programme.

8 FUNDING

The interventions identified in this strategy will be funded by the government, development partners and the private sector. Historically, Botswana receives development funding from the EU, through World Bank, the African Development Bank and the UN agencies. The new strategy will focus on increasing investment and funding from the private sector. A common basket will be established where funds to support the strategy interventions will be pooled. The funds will be managed by Business Botswana. For the PSDS implementation to succeed, it is important to secure the funding at an early stage especially for the operationalization of Business Botswana in its role as PSDS secretariat.

Possible Funders include:

- Government of Botswana National Budget (Subvention).
- Private Sector.
- International Development Organisations (EU, SADC, UNDP, AfDB etc.).

9 MONITORING AND EVALUATION

Monitoring and evaluation of the PSDS will be improved in order to make sure that intermediate and final objectives are achieved. The institutions in charge of managing and implementing this strategy will have M&E roles. They will provide information on the progress made in the implementation of this strategy within agreed timeframes for decision making at different levels. The PSDS coordinating secretariat (Business Botswana) will coordinate monitoring and evaluation of the strategy to ensure achievement of goals. There is need for BB sector specific associations to be strengthened and given the role of M&E of PSDS components directly affecting their sectors. These associations should report to BB as the Apex Body.

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