



REPORT:

**Analysis of Botswana's Trade Related Strategies
and Policies**

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ABBREVIATIONS and ACCRONYMS

| | |
|---------|--|
| AABWA | American and African Business Women's Alliance |
| BDC | Botswana Development Corporation |
| BEAC | Botswana Economic Advisory Council |
| BECI | Botswana Export Credit Insurance |
| BEDIA | Botswana Export Development and Investment Authority |
| BEMA | Botswana Exporters and Manufacturers Association |
| BIDPA | Botswana Institute for Development Policy Analysis |
| BIS | Botswana Investment Strategy |
| BOBS | Botswana Bureau of Standards |
| BOCCIM | Botswana Confederation of Commerce, Industry and Manpower |
| BOCONGO | Botswana Council of Non-Governmental Organizations |
| CEDA | Citizen Entrepreneurial Development Agency |
| CEECE | Cabinet Economic Committee on the Economy and Employment |
| CP | Competition Policy |
| CSO | Central Statistics Organization |
| EPZ | Export Processing Zone |
| FAP | Financial Assistance Policy |
| FDI | Foreign Direct Investment |
| FIAS | Foreign Investment Advisory Service |
| GICO | Government Implementation Coordinating Office |
| HLCC | High Level Consultative Council |
| IDP | Industrial Development Policy |
| IFSC | International Financial Services Centre |
| IMF | International Monetary Fund |
| ITC | International Trade Centre |
| LEA | Local Enterprise Agency |
| MFDP | Ministry of Finance and Development Planning |
| MOA | Ministry of Agriculture |
| MOFAIC | Ministry of Foreign Affairs and International Co-operation |
| MSCT | Ministry of Science, Communication and Technology |
| MTI | Ministry of Trade and Industry |
| NCTPN | National Committee on Trade Policy and Negotiations |
| NDP | National Development Plan |
| NEMIC | National Employment, Manpower and Incomes Committee |
| NES | National Export Strategy |
| NES | National Export Strategy |
| NESIC | National Export Strategy Implementation Council |
| NGO | Non-Governmental Organisation |
| NSC | National Steering Committee |
| NTB | Non Tariff Barrier |
| NTP | National Trade Policy |
| PSDS | Private Sector Development Strategy |
| SACU | Southern African Customs Union |
| SADC | Southern Africa Development Community |

| | |
|-------|--|
| SEZ | Special Economic Zone |
| SMME | Small, Micro and Medium Enterprises |
| STC | Sector Technical Committee |
| TSN | Trade Support Network |
| UNDP | United Nations Development Programme |
| USAID | United States Agency for International Development |
| VAT | Value Added Tax |
| WIBA | Women in Business Association |
| WTO | World Trade Organisation |

Chapter 1

Trade Related Policy Formulation

1.1 Introduction

Until recently, Botswana did not have a coherent trade policy or strategy articulated in a single document. Instead, trade policy and related strategies were written in various government policy papers, including the various National Development Plans (NDPs). This changed in 2005 when the Ministry of Trade and Industry (MTI) initiated development of “The National Trade Policy for Botswana”. Thereafter, MTI commenced development of the Botswana Investment Strategy, the Botswana National Export Strategy, a revision of the Botswana Industrial Development Policy, and, in collaboration with the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM) and the Botswana Exporters and Manufacturers Association (BEMA), the Botswana Private Sector Development Strategy. A Competition Policy was previously adopted in 2005. All of these contribute towards the development and growth of a vibrant, diversified and sustainable export base.

Each strategy and policy has a number of related objectives: supporting industrial development and diversification, boosting private sector competitiveness, diversifying the country’s export base and creating an environment conducive to foreign and domestic investment. Achieving these objectives will foster economic growth, job creation and contribute to the alleviation of poverty within Botswana.

The country will soon finalize, adopt and begin implementation of most trade related strategy and policy papers. In doing so, it is essential that decision makers are provided with a consolidated snapshot of all trade related documents and the recommended implementation structure where applicable. By obtaining a detailed understanding of the objectives and activities of each, a greater appreciation and understanding of the complex linkages that exist between all trade related initiatives will be obtained. Ultimately, government policy makers and implementing authorities will be able to make more informed and strategic decisions.

A distinction exists between the strategy papers and the policy papers as presented in this analysis. Policy papers are crafted with the intention of guiding decisions and actions, in this case toward achieving indicated trade, industrial and, to a certain extent, competition policy objectives. As such, there are no concrete actions or activities. Consultations with the Ministry of Trade and Industry identified the following three policy papers as providing significant overall guidance into economic, trade and export diversification efforts:

- (i) National Trade Policy (NTP)
- (ii) Industrial Development Policy (IDP)
- (iii) Competition Policy (CP)

Policies lend direction to the Government decision making process. This, in turn, may be supported by relevant strategy papers that contain a definite plan of action designed to achieve particular goals. The following three strategy documents, guided by the overall policy documents, lay out a number of more specific objectives and activities:

- (i) National Export Strategy (NES)
- (ii) Private Sector Development Strategy (PSDS)
- (iii) Botswana Investment Strategy (BIS)

The Government of Botswana has a history of consulting closely with the private sector and related interest groups as part of its policy formulation process. The background information related to the documents under review clearly demonstrates this fact. However, as development of each document progressed at different times and along different tracks, there was little, if any, coordination between the ongoing and completed processes. Often, the same stakeholders were involved in the development of more than one document, leading to a possible situation where the same issues were included in the separate strategy or policy papers.

The need to conduct an in depth analysis of all trade related strategies and policies has been identified as a move toward Parliamentary adoption continues. Each of the six identified documents presents a number of objectives. Detail concerning the specific actions or activities needed to meet said objectives varies. By comparing these objectives and activities in one document, a comprehensive snapshot of all focal areas is provided.

1.2 Goals and Objective

Due to the common purpose of these trade related policies and strategies, there is concern among policy makers, practitioners and politicians that, along with the advantages of complementarities and synergies in these policies, there may also be duplication of efforts and a waste of resources. This possibility necessitates an assessment of the inter-linkages between these policies and how each may be aligned to better serve the interests of the country. Therefore, the primary objective of this analysis is to assess the extent of complementarities and synergies. This will take place through by identifying overlap areas in each document.

Recommendations that will lead to clear oversight of a particular trade related issue area are forwarded in Chapter 4. Activities that may be better suited for placement in another strategy will also be identified. The eventual implementing authority for each document must determine whether to remove such activities all together, give activities a low priority or to refine these activities in a manner that allows more effective implementation.

The second objective of this analysis is to diagram and examine the proposed implementation mechanisms for the three strategy documents. Currently, each

strategy has a separate implementation and monitoring body, a separate lead committee or commission and a varied assortment of sub-committees that are tasked with conducting specified tasks. Areas of overlap in the oversight committee or councils, various subcommittees and the membership of these structures will be identified. Recommendations on how to better restructure each implementing mechanism will be made which may include suggested methodology to merge separate functions with the objective of fostering better coordination.

An understanding of the process by which policy is formed through private sector participation is essential. In Botswana, three separate supporting mechanisms have been identified in regards to trade and investment: The High Level Consultative Committee (HLCC), National Committee on Trade Policy Negotiations (NCTPN) and the Trade Support Network (TSN), consisting of the various parastatals and private sector associations that support economic development efforts. Each of these entities may play a stronger role in ensuring that the strategies related to trade and investment are better coordinated.

1.3 Methodology

In capturing the relationships between the trade related policies and strategies, the first task is to present an overview of the primary strategic objectives contained in each document. Annex I contains five matrices summarizing each document's primary areas of focus. The National Trade Policy was excluded because it solely contains broad trade related policy statements that could not be further disaggregated into more specific strategic objectives or activities.

For all other documents, strategic objectives and activities are consolidated into primary "action areas" by grouping specific actions into one title. For example, activities such as provision of 24 hour border posts and streamlining of paperwork and documentation at border posts were grouped under the heading of Trade Facilitation. A number of more specific Small Micro and Medium Enterprises (SMME) related activities are categorized as "SMME development".

By comparing each matrix, duplicated objectives and corresponding activities are identified. As a next step, a decision was made to maintain, delete or move a given action area in each document. When the decision to move was stipulated, the new location was provided with a justification, thereby consolidating ownership. Sometimes, a given action area was too broad to be categorized under any one specific document. In such instances, the decision to maintain and move was made which was most common for training and information dissemination activities.

The second component examines the proposed implementation and oversight mechanism stipulated in each relevant document which was only graphically represented in the NES. For other strategies, an analysis of the text describing the implementing mechanism was conducted and schematic diagram composed based on best interpretation. The National Trade Policy, Industrial Development Policy and

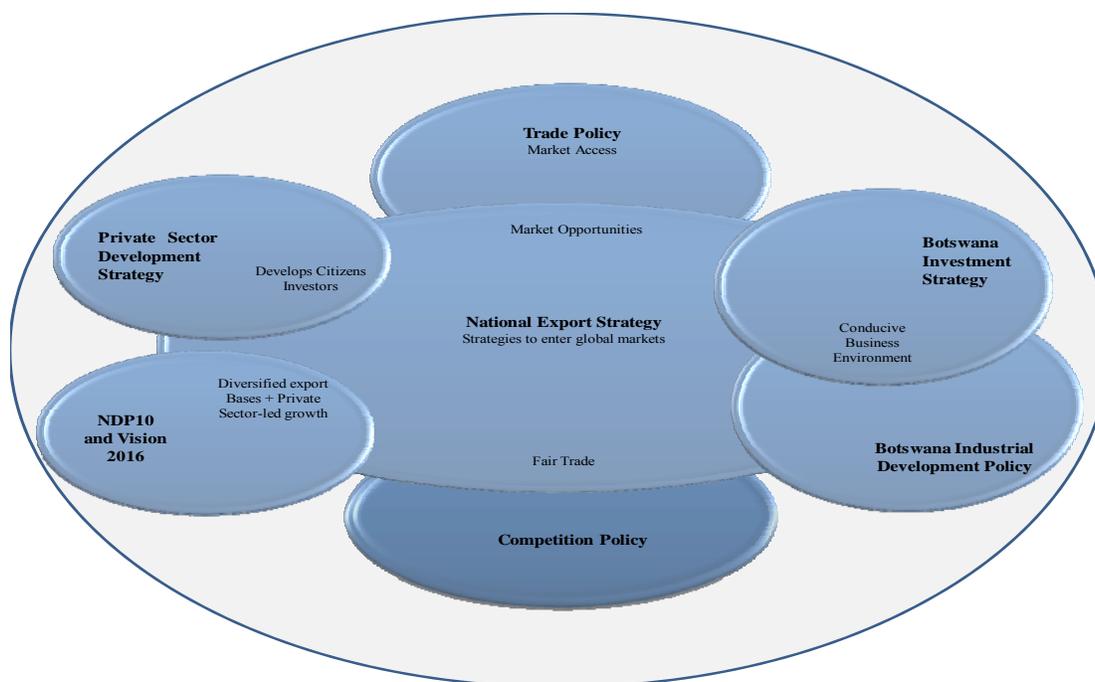
Competition Policy did not have any formalized implementation structures indicated in the text of the document.

Each implementation mechanism under analysis had an oversight committee or council and a number of sub-committees with the task of leading particular implementation and oversight duties. All stakeholders and respective areas of oversight were examined and areas of overlap identified. Recommendations were based on the premise that, with such a close relationship between the strategies, the possibility of merging some or all of the implementation mechanisms could be considered.

1.4 Policy and Strategy Relationships

The interplay between the trade related policies and strategies in Botswana is demonstrated by Figure 1. Aspects of each policy or strategy are closely related and the spillover effect of implementation is demonstrated. However, this also demonstrates the scope for overlaps, duplication and resource wastage.

Figure 1: The Strategy and Policy Dynamic



1.5 Overarching Guidelines

1.5.1 Vision 2016

Vision 2016 outlines the aspirations of the people of Botswana to the year 2016, and contains seven broad focus areas. Issues relating to trade and economic development fall under the strategic goal of “A Prosperous, Productive and Innovative

Nation.” When the Vision was developed in 1996, the focus was on economic diversification with the goal of increasing the average income level per person to three times the current level (the equivalent of US\$8,500). Such objectives are readily supported by strategies that aim to diversify the economy, export base and industry competitiveness.

1.5.2 National Development Plan 10 (NDP 10)

The National Development Plans (NDPs) are designed to facilitate Government actions in support of achieving Vision 2016 goals. NDP 10, currently being drafted, carries the theme “Accelerating Achievement of Vision 2016 through NDP10”. NDP 10 follows a results-based integrated planning approach with the aim that, “By 2016 Botswana shall be classified as a developed economy build upon a sustainable, diversified, competitive export base.” This export-led growth strategy is to be driven by the private sector through increased competitiveness.

1.6 Contributing Initiatives

Two recent initiatives also have a direct bearing on some of the documents under analysis. Decision makers must determine if these initiatives are stand alone or may be incorporated into one or more of the strategy documents.

1.6.1 Special Economic Zones (SEZ)

The argument has been advanced in Botswana that the country can leverage its central location to bridge Southern African trade in the context of the region’s integration efforts under Southern African Customs Union (SACU) and Southern African Development Community (SADC). The Special Economic Zone concept was highlighted by the Government as a potential foundation for the establishment of other related sectoral initiatives. Constructing the physical and legal structures for the following Hubs has been proposed:

- Innovation Hub
- Media Hub
- Diamond Hub
- Transportation/Cargo/Logistics Hub
- Financial Services Hub
- Airport Duty Free Zone
- Agro Processing Zone

Draft legislation, conforming to international best practices and in line with Botswana’s specific development goals, was proposed. The next step is to elaborate upon the specific model of legislative and regulatory instruments and move forward with implementation. A time frame and prioritization has yet to be determined. The Chinese sponsored textile industrial park in Phakalane may also be considered under this heading. In examining the objectives of the trade related initiatives, the Hub

concept would most closely fit with the BIS or, depending on the specific SEZ, with the IDP.

1.6.2 Income Tax and Value Added Tax (VAT) Reform

The 2008 budget speech indicates that the Government of Botswana will embark on a comprehensive review of the tax regime in order to simplify and improve tax compliance. Tax reform covers a wide array of areas but, for the purposes of fostering investment and supporting industrial development objectives, taxes relating to business income and the offering of particular incentives may play a major role. Therefore, it is essential that BIS and IDP related initiatives are informed by changes in the income tax and VAT regime.

There is also a direct relationship between the Botswana tax regime and that of the SEZ initiative. A recent study conducted by the International Monetary Fund (IMF) concluded that the government should resist establishing new preferential fiscal (tax) regimes for the various sectors of the economy in regards to the sector specific SEZ; a transparent income tax with a low rate for all companies and accelerated cost recovery system being recommended instead. Further recommendations are made of the establishment of SEZ's, namely that tax incentives should be limited to the normal relief of customs duties and indirect taxes.

The conclusions of the study highlight the direct link between SEZ's and tax reform initiatives. By highlighting this relationship, decision makers will better understand the cross cutting relationships and may also specify an implementing and monitoring mechanism(s) that take into account all related initiatives.

1.7 Supporting Institutions

1.7.1 Government Implementation Coordinating Office (GICO)

GICO was established in May, 2007 with the task of tracking and monitoring project implementation and to facilitate quality assurance and value for money. GICO's other major role is to drive forward the Government's diversification growth strategy which is to be done in a systematic manner that includes the use of advanced project monitoring technology. GICO also coordinates all major government projects and related resource allocation.

GICO guides and coordinates the review of existing policies, laws and regulations for compliance with the philosophies and approaches of principles arising from the approved Business Economic Advisory Council (BEAC) Action Plan. Another role is to review, on an ongoing basis, all issues related to the international competitiveness of Botswana and its attractiveness as an investment destination. Recommendations of remedial interventions are made where necessary. In addition, the office acts as a bridge to private business sector and to international businesses, in conjunction with the Botswana Export Development and Investment Authority (BEDIA).

1.7.2 High Level Consultative Council

In order to promote an effective partnership between government, the private sector and civil society, a High Level Consultative Council was established under the Chairmanship of His Excellency the President of the Republic of Botswana. The membership of the Council includes all Cabinet Ministers and industrial stakeholders. Meetings are held twice a year. The main objective is to discuss major policies affecting the business environment that are difficult to resolve at Ministerial level. One of its stated duties in the terms of reference is “To monitor the implementation and effectiveness of current national economic policies and development strategies.” BOCCIM serves as a coordinator, conducting meetings throughout the year with its membership that cover 20 different sectors. These sectoral meetings form the basis for subsequent meetings with the various Ministries – 14 in all. The HLCC is a formalized system to foster the flow of information between relevant stakeholders and the Office of the President.

1.7.3 National Committee on Trade Policy Negotiations (NCTPN)

The NCTPN was launched on the March 11, 2004 following a Presidential Directive in 2003. The NCTPN meets four times a year with the MTI’s Department of International Trade serving as the Secretariat. There are 45 members drawn from the public sector, private and parastatal organizations, academia, trade unions, consumer representatives and research institutions. A Presidential Decree directed the Deputy Permanent Secretaries and Chief Executives of parastatal and private organizations to be members in order to inculcate commitment and ensure consistency in attending the meetings of NCTPN.

The NCTPN is made up of twelve Technical Committees that are expected to perform analytical work on various sectoral issues:

1. Agriculture
2. Industrial Products
3. Services
4. Intellectual Property Rights
5. Investment
6. Competition Policy
7. Government Procurement
8. Capacity Building
9. Environment
10. Labor Standards
11. Export Development
12. E-Commerce

Through the NCTPN, the Government is able to coordinate trade capacity building initiatives with a view to deriving maximum benefits from such initiatives. Insuring that the private sector is able to voice its position on all relevant trade agreement

negotiation issue areas is another goal. Like the HLCC, the Committee fosters two way information flows between the government and civil society. These initiatives allow all relevant stakeholders to play an active and beneficial part in international trade and trade related matters.

1.7.4 The Trade Support Network (TSN)

The Government of Botswana has established a number of trade support institutions that, taken together, cover all relevant aspects of trade operations. They provide services such as training, product development, quality improvement and financial services to private sector firms. The capacity exists to render support to export development, however, a lack of coordination and collaboration between these institutions, the private sector and civil society has hindered effective delivery. Both the NES and PSDS contain strategic objectives that call for measures to better integrate the TSN through the removal of overlaps, improved coordination and increased service utilization. This initiative may also be supported by the PSDS proposed establishment of an Apex body to coordinate the activities of all private sector associations. The TSN is laid out in Annex II.

Chapter 2

Policy Overviews

2.1 National Trade Policy

2.1.1 Objectives

The National Trade Policy (NTP) refers to a set of government initiated actions that affect imports, exports, goods and services. It states the Government's position on trade through specific statements, guidelines and pronouncements on issues such as export development, market access, import competition, trade facilitation and customs procedures. Such a policy also includes the relevant laws, regulations and trade agreements that pertain to Botswana. The policy position adopted on these issues directly guides how a country will engage in bilateral, regional and multilateral trade arrangements. In crafting such a document, the Government aims to ensure that the private sector is provided with the most conducive trade environment that also takes into account an inherent responsibility to consumers and need to ensure fair competition.

Botswana's Trade Policy is designed to facilitate the achievement of the broadest possible free and reliable access to markets for the country's exports of goods and services, while also enabling producers and consumers to access the widest choices of international goods and services on the best possible terms. It will also ensure a consistent approach in addressing the multitude of issues that affect Botswana's trade relations. The NTP's stated objectives are as follows:

- (i) Industrial development and economic diversification with participation of both citizen and foreign owned firms
- (ii) Improved international competitiveness
- (iii) Export-led growth that will result in full employment of labor and other resources
- (iv) Integration into the world trading economy at the regional and multilateral levels
- (v) Export-led growth that is environmentally sustainable
- (vi) Improved food security
- (vii) Improved terms and conditions for trading with external partners by increased market access through bilateral, regional and multilateral trade agreements and the elimination of tariff and non-tariff barriers
- (viii) Growth of local enterprises through the provision of trade information

- (ix) Promotion of export oriented activities and development of initiatives to boost competitiveness
- (x) Increase the effectiveness of trade facilitation instruments and standards
- (xi) Development and harmonization of cross cutting trade issues that affect Botswana's trade relations
- (xii) Inclusion of the private sector and all relevant stakeholders in the policy formulation process

A number of broad principles have also been provided that underlie the policy, including economic diversification, food security and poverty eradication, to note a few. A complimenting section notes a number of cross cutting issues that have been considered in crafting the document and direct reference is made to the NES and PSDS. The Competition Policy is also referenced as a cross cutting issue and it is indicated that "such a policy and its related laws must be consistent with other policies such as the Policy on Small and Medium Scale Enterprises, Industrial Development Policy, and the Privatization Policy." Issues covered in the NTP are broken down along the following:

- 1) Measures Directly Affecting Trade in Goods
 - a. Tariff Based Measures
 - b. Non Tariff Measures
 - c. Trade Development
- 2) Measures Directly Affecting Production and Trade
- 3) Measures Directly Affecting Trade in Services

Competition Policy is again indicated under the third issue area above with the guideline that the country develop and maintain fair and transparent competition practices policies and laws to increase investor confidence and ensure consumer protection. The BIS, referred to as the FDI strategy, is also referenced.

The paper contains succinct overviews of issue areas followed by a broad guiding statement for each. The issues covered closely follow the WTO's Trade Policy Review format and, as such, touch upon most measures directly affecting trade in goods. Given this focus area, there will not always be direct applicability to all strategic objectives of the other strategy papers.

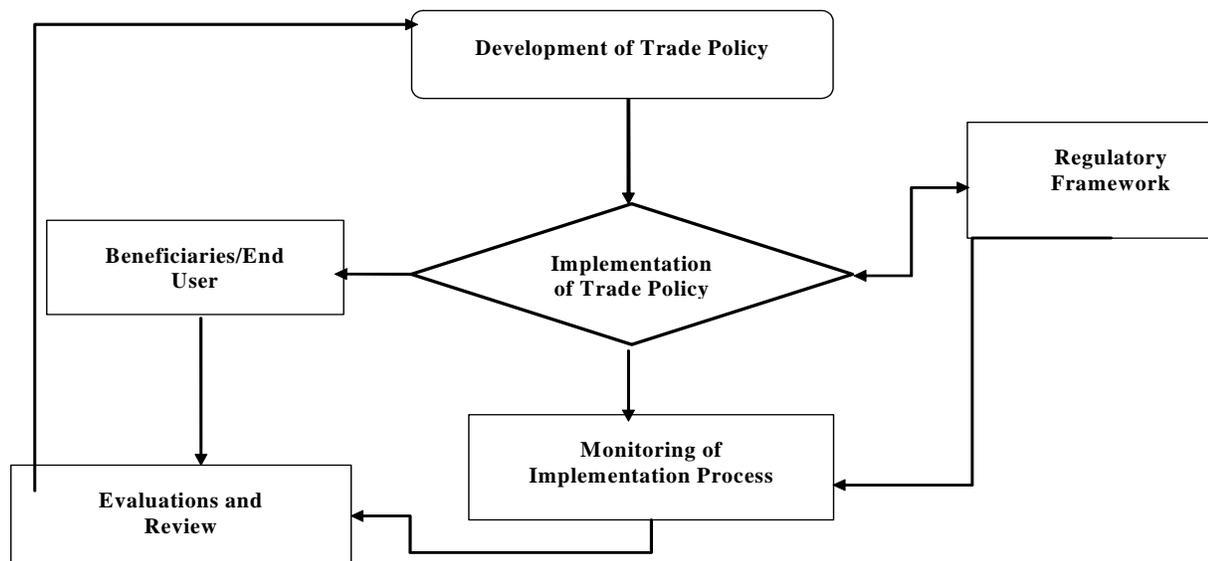
2.1.2 Implementation

The NTP makes reference to an institutional arrangement for implementation of the policy but there are no stipulated implementation or oversight mechanisms. Rather, a basic diagram of information flows is provided as pictured in Figure 2 and supported

by the statement that, “A well articulated trade policy must be accompanied by a clearly defined implementation framework that has consensus and buy-in from major stakeholders in an economy.”

The influence and feedback effect that will take place once the NTP is adopted is demonstrated. The document supports this by noting that trade encompasses numerous issues and cuts across the mandates of various institutions (Ministries, Parastatals, Private Sector and Civil Society) within Botswana. As such, the NTP is intended to guide the various sectoral policy documents and legal instruments. In drawing reference to the number of cross cutting issues and the complex interplay of the various factors that contribute towards boosting the country’s trade capacity, this policy will help inform all decision-makers. It is accepted that future modifications may be necessary as dynamics change and new issues arise. There is no timeframe indicated for the NTP.

Figure 2: NTP Information Flows



2.2 Industrial Development Policy

2.2.1 Objectives

This is the oldest of all documents considered under this analysis, having been adopted in 1998. The stated purpose of the policy is to identify the primary factors to which the industrial development of Botswana must respond. The document sets out the main policy directions that will be required to adapt to these identified circumstances. Efforts center on the following broad principles, some of which are supported by more specific guidelines:

- (i) Promotion of industries based on available natural resources and value addition.
- (ii) Support for increased competitiveness through the promotion and expansion of services available to SMME manufacturing industries and export oriented sectors including provision of land, factory shells, data, insurance, quality standards, investment incentives, reduction in utility costs, increased data and marketing programs, and regulatory reform.
- (iii) Focus on human resource development and training.
- (iv) Greater utilization of technology in industrial development.
- (v) Focus on SMME's and related support efforts.
- (vi) Privatization and increased government efficiency.

There is only one sector specific reference, and that is for the tourism sector. No mention is made of the significant industrial activities that contribute to the economy such as mining and agriculture. It is also apparent, especially under the "support for competitiveness" heading, that a number of discussed areas may better fall under the one of the other documents under analysis in this paper, namely the BIS, NES or PSDS. Recommendations for further refining these areas of focus, as well as new topics for inclusion to be considered for those revising the Policy, are forwarded under the relevant section in Chapter 5. Note must also be taken of Botswana's SMME Policy document which, though not considered under this analysis, may still exhibit some overlap with the SMME related strategic objectives specified in the IDP.

This policy, at over eleven years old, is outdated. It has been informally reported that a revision will take at least one year with donor assistance. Assuming the process is initiated by mid 2009, it is unlikely that a revised IDP would make it to Cabinet by mid 2010. Policy makers will have the opportunity to refine this document in a way that more specifically targets, and elaborates upon, the factors and issues directly relevant to Industrial Development.

2.2.2 Implementation

There is no mention of a specific implementation mechanism for the current Industrial Policy. Rather, it is indicated that success in the implementation of the policy will require that broad government policies relating to monetary, fiscal, exchange rate and trade are well harmonized and conducive to economic growth, employment creation, and industrialization. An overview of what is required for good implementation in the form of three general characteristics is provided:

- 1) An effective consultation and coordination process between the major parties involved in industrial development. This involves Government, parastatals and the

private sector. The mechanism must be created at the senior level, preferably emanating from the MTI.

- 2) Creation of appropriate organizations for the execution of policies and programs.
- 3) Efficiency and effectiveness of existing organizations.

The IDP proposes a reorganization of the MTI stipulating the creation of a centralized policy unit in the Permanent Secretary's Office to coordinate industrial and trade policies. This reorganization will be aimed at improving the focus and capacity for policy development and for project and program administration in the field of industrial and trade policies and programs with the need to ensure that the country's Trade Policy (not established at the time) is conducted in close consultation of relevant policy staff.

The establishment of BEDIA is also stipulated as a complimenting initiative, as is the improvement in the efficiency and productivity of Government organizations and parastatals. This has already been accomplished. BEDIA, however, also has a primary mandate to promote exports of nationally produced goods. This dual role may assist in better coordinating activities between the BIS and NES, and may be a strong factor in designing an efficient implementation mechanism.

2.3 Competition Policy

2.3.1 Objectives

This policy aims to maximize the benefits of trade and investment liberalization deregulation, privatization and to protect the benefits generated by competition from erosion by anticompetitive practices in a deregulated environment. It also aims to address problems related to the globalization of cartels, abuse of market dominance and monopolization of key sectors following the opening up of markets.

The purpose of the CP is to establish the parameters and strategic policy considerations that will guide the drafting of a competition law. It also aims to address the regulatory and institutional infrastructure that will ensure the effective implementation and enforcement through the to-be-established Competition Authority.

This policy document states that, if properly implemented, it will provide, through competitive markets, the best means of ensuring that the economy's resources are put to their best use by encouraging enterprise efficiency and the widening of choice and lowering of consumer prices. The paper has been formulated to enhance Botswana's ability to promote free entry in the market place by investors and all firms, irrespective of their size; the attraction of both domestic and foreign investment flows; innovation and transfer of technology from intellectual property rights holders; unfettered competition; acceptable business behavior and conduct; fair business

practice; efficiency; competitiveness; and consumer welfare. Stated objectives of the policy are to:

- (i) Enhance economic efficiency, promote consumer welfare and support economic growth and diversification.
- (ii) Prevent and redress unfair practices adopted by firms against consumers and small businesses in Botswana.
- (iii) Prevent and redress anticompetitive practices in the Botswana economy and remove unnecessary constraints on the free play of competition in the market.
- (iv) Complement other government policies and laws.
- (v) Enhance the attractiveness of the Botswana economy for foreign direct investment by providing a transparent, predictable and internationally acceptable regulatory mechanism for firms to engage in economic activities.
- (vi) Support other policy initiatives.
- (vii) Achieve deregulation where regulation is no longer needed.

The topics covered under the Competition Policy document are quite straight forward and specific, leaving little ambiguity or question of what needs to be done: establishment of an authority that will work to prevent and redress anti-competitive practices and conduct by firms, thus creating a business friendly environment that encourages investment and efficient use of resources. This also meets the SACU stipulated establishment of Botswana's National Body that will be tasked with the development of competition policies and to address unfair trade practices. Consistency with other policies such as the Policy on Small, Medium and Micro Enterprises, Industrial Development and Privatization Policy are also noted.

2.3.2 Implementation

The Competition Authority will have the responsibility for implementation of the Competition Policy and enforcement of the Competition Act. Both the legal instruments to create the Authority and Act are still being developed. Given this status, the structure and composition of the Authority are yet to be specified.

As part of its responsibility to implement the Competition Policy and its related legislation, the Competition Authority will have power to enforce the Competition Act, including conducting investigations, prosecuting transgressions of the Competition Act, and presiding over disputes. Parties aggrieved by the decision of the Competition Authority will have the right to appeal to the High Court.

It is outside the scope of this analysis to suggest an appropriate structure, as one is currently under development. Given the specific goals of the Competition Policy and related tasks of the implementing structure, it is assumed that there will be overlap with other strategic documents. In all other documentations under discussion in this paper, competition primarily serves as a cross cutting issue that has great potential to support investment and trade development. The close tie between the implementation of the Competition Act and additional layer of security this will provide to (potential) investors also directly referenced, though there is no mention of the Investment or an FDI Strategy.

Chapter 3

Strategy Overview

3.1 National Export Strategy

3.1.1 Objectives

The major aim of the NES is to make Botswana globally competitive with a view to expanding current levels of exports and placing new ones in the international markets as well as diversifying the country's export base. To achieve this, the NES has developed competitiveness strategies aim to place Botswana in the global economic arena as an equal trade partner and beneficiary. The implementation of this strategy is expected to result in increased export growth, leading to employment creation for poverty reduction in line with the aspirations of Vision 2016 and the MDGs. The specific objectives of the NES are:

- (i) To make the export sector a major engine of growth by maximising the growth of the sector and its contribution to overall economic growth as well as diversifying the export base.
- (ii) To maximize the export sector's contribution to employment creation, rural development, gender equality and poverty reduction.
- (iii) To increase production and productivity as well as the level of value addition within the identified export sectors, namely arts & crafts; garments & textiles; meat & meat products; leather & leather products; jewelry.
- (iv) To improve the business environment and lower direct costs of doing business by removing bottlenecks to trade, developing an appropriate infrastructure and making available to exporters professional services in clearing, forwarding, packaging and labeling.
- (v) To increase the range of export products; enhance human skills capacity and use of technology as well as export competency and ensure that exporters have a well supported access to lucrative international markets.
- (vi) To provide exporters with low interest-rate finance; equip them with up to date and detailed specific market information to support their business decisions and ensure that they produce goods and services that meet international specifications.
- (vii) To ensure that strategy support network is effectively coordinated and led through a working public private sector partnership.

- (viii) To ensure that the service delivery network moves in tandem, is harmonized and provides exporters with the necessary institutional support.

The NES contains the four primary focus areas of competitiveness, development, client services/coordination and implementation/management. Each of these is broken down into activities of varying levels of specificity that aim to address the goals of each pillar. When examining the recommended actions, there are a number that could fall under either pillar. For example, some efforts that boost competitiveness would also be of service to the client and vice versa. This is the case for the various actions that may assist in promoting trade facilitation efforts – instead of falling under one overall objective, such activities are scattered under a number of differing ones. The client pillar contains a high proportion of initiatives that may be best implemented under other strategy or policy documents with the PSDS.

The NES references all other policy and strategy documents covered in this analysis, and it is acknowledged that the shared objectives lend support to each initiative. Though it is stated that the NES is presented in a way that ensures institutional role clarity and avoidance of encroachment into other institutions mandate, there may still be changes that, if forwarded, may improve the current situation even further. Early drafts of the NES focused specifically on the following five sectors that had specific action plans attached as Annexes to the strategy document:

- 1) Arts and Crafts.
- 2) Garments and Textiles.
- 3) Jewelry.
- 4) Leather and Leather Products.
- 5) Meat and Meat Products.

Through studies and consultations, these sectors were identified as having a possible competitive advantage. The final draft of the NES slated to be sent to Cabinet for approval has dropped these Annexes as it was believed that the strategy is applicable to any identified export sector, including the provision of services. The action plans relating to these five sectors remain housed in BEDIA. The potential exists for these sector specific activities to be implemented at a later date, either under the NES or, perhaps, the IDP should it be decided to give the latter a sector specific focus.

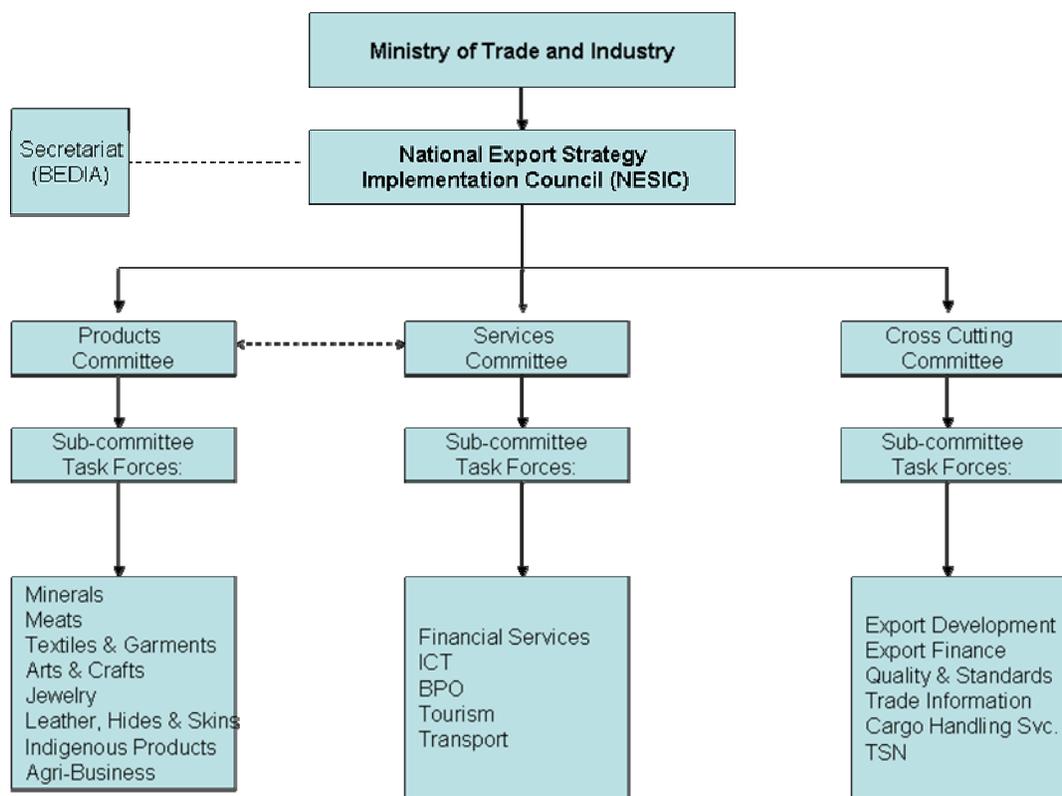
3.1.2 Implementation Structure

Only after the implementation structure has been established for the NES will the required implementation plan be formulated. In doing so, specific objectives and activities associated with these objectives will be refined and detailed more specifically through ongoing stakeholder consultations. It is therefore assumed that the given activities must be considered work in progress and room will exist for further improvement and refinement in coordinating more closely with the other strategy documents.

The proposed structure is housed in the MTI which oversees the National Export Strategy Implementation Council (NESIC). The proposed NESIC membership is sizeable, numbering seven ministries, seven parastatal organizations, BEMA, BOCCIM, an unspecified number of NGO's and the three committees each composed of a number of sub-committee task forces.

Committees are grouped along the lines of products, services and cross cutting issues. The first two have a number of sub-committees stipulated that are product/service sector specific, whereas the six specific cross cutting sub-committees correlate with some of the NES's strategic objectives.

Figure 3: NES Implementation Structure



3.2 Private Sector Development Strategy

3.2.1 Objectives

The stated vision for the private sector in Botswana is “A competitive and vibrant private sector driving a prosperous Botswana”. This vision will be realized through pursuit of the following strategic objectives:

- i) Promote and support the participation and visibility of the private sector in international markets.

- ii) Promote effective participation of the private sector in the domestic market.
- iii) Support the growth and graduation of the SMMEs.
- iv) Promote domestic and foreign investment for sustainable development.
- v) Improve productivity in the private sector.
- vi) Support rationalization and improvement of services provided by the trade support institutions.
- vii) Promote and support improvement of the business climate.
- vii) Promote gender, youth, HIV and AIDS and environment issues.

In developing the PSDS, a situation analysis was carried out to identify opportunities, constraints and challenges in the development of the private sector. The situation analysis was guided by the four key pillars for private sector development and growth:

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

The level of detail provided in the PSDS is more specific than any of the other strategies covered under this review. Under each of the four priority areas are a number of strategic objectives (7), further broken down more specific strategies (26) and finally a number of key activities – 76 in all. Many of these activities center on the provision of training, workshops, studies, sensitization or lobbying efforts in support of the various objectives. Despite the greater detail of activities, there is still room for elaboration, presumably a task that will take place once the implementation structure is formalized.

It has been indicated that the PSDS is a product of the NES. As such, the PSDS will assist in expanding exports through creation of a vibrant and competitive private sector. It has already been noted that instances of duplication exist between the PSDS and NES. In looking at implementation of both documents, a separation of actions must be made, a separation between those that assist in creating a conducive or supportive environment that allows the private sector to grow (NES), and those actions that must be private sector driven (PSDS). This view will be used in repositioning areas of duplication or overlap as laid out in Chapter 5.

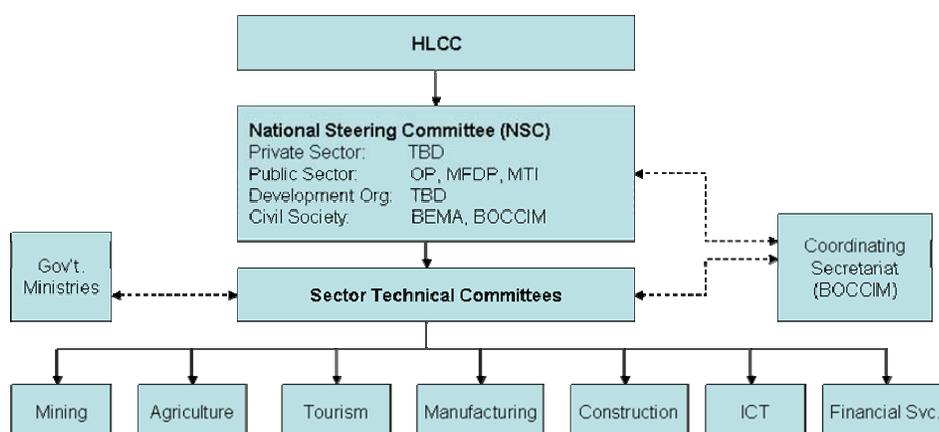
3.2.2 Implementation Structure

Unlike the NES, an implementation plan with detailed timelines and targets has already been created in carrying forward the actions of the PSDS. Furthermore, there

is a comprehensive monitoring and evaluation plan with targets and methodology for regular reviews and the ability to modify in response to unforeseen developments.

The implementing structure itself is somewhat similar to that of the NES, with a National Steering Committee (NSC) serving under the HLCC, providing overall strategy guidance. The NSC has seven members from the public sector and civil society. There is also inclusion of one development partner and the private sector, both to be determined. Seven Sector Technical Committees (STC), each representing key sectors of the economy, will support the NSC. The stated role of the STC is to approve the annual operational plans and follow up on implementation of the activities identified in the PSDS, as pertains to that sector. BOCCIM is designated to serve as the Coordinating Secretariat with other Ministries providing assistance to the STC on an as needed basis. An interesting proposal to note is the restructuring of BOCCIM as an Apex body that will be responsible for representing the entire private sector in the community. This new role will run in parallel with its responsibility in coordinating the implementation of the PSDS.

Figure 4: PSDS Implementation Structure



3.3 Botswana Investment Strategy

3.3.1 Objectives

The BIS does not contain a stand alone objectives section, rather, there are six broad objectives:

- (i) Creation of a competitive business environment.
- (ii) Local enterprise development.
- (iii) Development of a talent and industry relevant skills.
- (iv) Promotion of investment opportunities in sectors of focus and priority.

- (v) Implementation of the Botswana brand.
- (vi) Rationalization of the portfolio responsibilities of investment promotion agencies.

These six objectives are also defined as programs for the purposes of implementation, with each broken down into a number of “strategies for achieving output and outcome”, which are essentially actions to varying levels of specificity. As a general observation, the activities relate to investment to differing degrees. Some, such as the requirement to review the current investment incentive package or to reduce the cost of registering property, are immediately applicable. Others, such as a diagnostic analysis of industry skills needs or reduction in the cost of utilities, though contributing to a conducive investment environment, do not serve as direct attractors of investment. Also, some actions have been specified in other strategy documents.

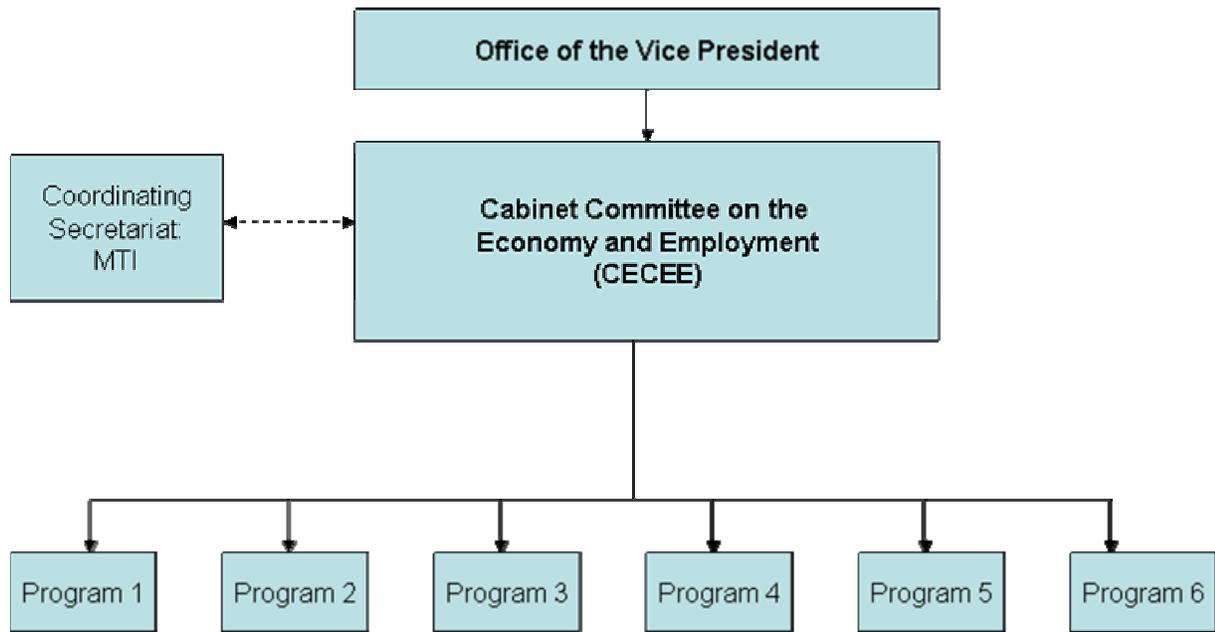
It is indicated that the BIS is a prerequisite success factor for the NES and, therefore, it should be expeditiously and effectively implemented. Likewise, the NES states that the BIS is required to source actual/potential implementers from outside the country – increasing investment flows that will be used to diversify the country’s economic and export base.

3.3.2 Implementation Structure

The implementation mechanism for the BIS is not well described in the strategy document. An organizational layout is presented in Figure 5 based on close analysis of the text. It is stated in the document that monitoring will be conducted under the Cabinet Economic Committee on the Economy and Employment (CECEE), chaired by the Vice President. MTI is tasked to coordinate the submission and compilation of progress reports from all lead authorities and relevant stakeholders. This setup leaves a bit of ambiguity as to what entity will move specific programs forward. The establishment of various sub-committees has not been specified; therefore it has been assumed that these will follow the six overall programs indicated in the strategy’s implementation plan. This setup may need to be re-assessed given the fact that program 1 has 16 separate strategies for achieving output, with quite differentiation in lead authorities and relevant stakeholders (though MTI, MFDP and BEDIA maintain the lead of a given output strategy more often). The remaining five programs have a maximum of six separate strategies under each program.

Further refinement of the BIS’s strategies for achieving output and outcome will be necessary in order to achieve the specified broad objectives. Like the NES, it may be assumed that a more detailed implementation plan will be crafted once the implementing authority is specified and established. Also, a proper timeframe will need to be specified in implementing said strategies, the suggested year being 2016, in line with Vision 2016 and the NDP.

Figure 5: BIS Implementation and Monitoring Structure



Chapter 4

Discussion and Recommendations

4.1 General Discussion

This section provides a detailed look at each individual policy and strategy, offering specific suggestions that may assist in further refining each document in an effort to develop a more specific implementation plan or, where already done, to improve the prescribed actions to eliminate duplication with partner documents.

The matrices in Annex 1 were developed to clearly capture the action areas contained in each relevant document. This was done for five of the six strategy and policy papers. Two of the policy documents, Competition and Industrial Development, were analyzed in this fashion because the general layout consisted of both broad policy objectives as well as some more specific strategies that, if refined, provide the basis for supporting actions and activities. The NTP could not be further dissected due to its broad policy statements and has not been included.

The line between strategies and the more specific actions necessary to meet these strategies was sometimes blurred. Specific actions have been grouped into a more general heading where possible and, for the purposes of this comparison, these have been termed “action areas”. This term is representative of equivalent terms such as “strategic objectives”, “activities/initiatives” and “strategies for achieving output and outcome”, and lends a level of harmonization to each matrix. The NES and PSDS tended to have specific activities while the NDP and BIS, by nature, did not disaggregate strategies into specific actions. As a result, the action area column does not exactly match what is in each document but, taken together, an accurate overview of types of activities and related strategies has been provided. The following areas were identified as being too broad to fall into any specific document:

- Improvement of Doing Business Report Measures;
- Implementation of FAIS recommendations;
- HIV/AIDS initiatives;
- Environmental sustainability; and
- Establishing balance between price stability economic growth and employment creation.

The measures and recommendations of the first two bullets may be further broken down into specifics that would not fall under any one strategy paper. For coordination purposes, it may be decided to house these initiatives under one strategy. This will be a decision for relevant implementing authorities.

This section also investigates the proposed implementation mechanisms for the strategy documents. Recommendations are made in instances where the structure of the implementing authority may be modified in order to improve functioning or where

certain structures may be merged to increase efficiency and coordinate oversight. This exercise includes an examination of the supporting sub-committees, designed to carry out the implementation activities and monitoring functions, with recommendations on how they may be better organized. None of the policy documents proposed a formalized implementation structure. This is not a required component of such documents but it is essential that formal reference to the policy papers takes place through the course of developing or refining trade related strategies.

4.2 National Trade Policy Recommendations

The nature of the NTP, in that it serves as a general guide to the formulation of particular strategies and trade related decisions, makes it an ideal benchmark. Doing so, however, does leave some gaps, especially when comparing the policy's objectives to the areas of investment and, to a lesser degree, competition which affect trade in goods less directly than measures covered under the NTP.

There are a number of specific strategies or activities found in the NES, PSDS, and NDP that do not have a direct bearing on the trade in goods focus contained in the NTP. This includes initiatives relating to training, skills development, regulatory reform and citizen empowerment. The lack of connections between these documents and the NTP highlights the potential need for another policy document to take ownership of particular strategic objectives, in this case the BIS or, depending on the topics included in revision, the IDP.

The NTP has reference to an institutional arrangement for implementation of the trade policy, but this is essentially an overview of how the NTP may influence the work and decisions of other Ministries or stakeholders. As there are no concrete actions to implement, this section of the policy may be best used to present a formalized approach towards incorporating the NTP objectives into the general decision making functioning of all affected entities. This would include a feedback mechanism and establishment of a review committee as the need arises.

NTP Recommendation:

- As the NTP provides a general framework by which to craft relevant trade related decisions or policies, methodology for ensuring that such objectives filter down onto the Ministerial decision making level must be developed

4.3 Industrial Development Policy Recommendations

The IDP document is over ten years old and it is essential that a revision take place as soon as possible. The current document has aspects of both a policy and strategy paper as there are general guidelines mixed with more specific activities. Much has changed in the world economy since the paper was first developed and a future revision should separate policy from actions, and incorporate all issue areas typical of a modern industrial strategy.

The scope or methodology for revising the policy is unknown. Will it follow the same format, only leading to a more modern revision? Will new topics, areas of focus and sector specific recommendations take place? Will an implementation plan be developed to drive some of the proposed changes? As the answers to these questions are to be determined, the identification of overlap areas in this analysis will be a good basis from which to craft a new coherent and relevant IDP document.

The current IDP has initiatives that fall underneath both the NES and BIS. There are a number of investment related measures and export specific statements that may be considered out of place given the existence of other strategy documents. Another point to note is the relationship of tariffs and the debate as to whether they are best suited to fall under a trade policy or industrial development policy. There is also considerable focus on SMME development and sustainability. This should be viewed in light of Botswana's current SMME Policy, which was not analyzed as part of this paper.

For that reason, it has been recommended that SMME related strategic objectives fall under the IDP. Senior decision makers will have to re-assess such activities in revisions of either of the two policies.

IDP Recommendations:

- An Industrial Development Strategy, with a fully comprehensive action plan may be developed upon revision of the policy to meet stated objectives.
- Measures relating to investment should be incorporated under the BIS.
- Sector specific strategic objectives, if developed, should be included in the revised IDP though investment related incentives will fall under the purview of the BIS. Botswana's competitive advantages have been identified by past studies; these should be built upon and specifically targeted.
- Reference to trade policy tools, such as infant industry protection and/or use of subsidies that directly assist industrial development objectives should be included in the revised IDP.
- In revising the IDP, decision makers must consult Botswana's SMME Policy document to ensure that there is minimal overlap in SMME related strategic objectives.

4.4 Competition Policy Recommendations

The Competition Policy contains objectives that are to be solely implemented by the Competition Authority and be legally backed by the Competition Act. There is no overlap with this policy and the action areas indicated in the other documents under examination. The link to fostering greater investment is readily acknowledged, most importantly in the NES and NTP. Though it is not necessary to legally establish an

implementing authority and related act in the other policies under review, the process by which the Competition Policy paper was first developed, followed by establishment of an implementing authority and creation of an eventual implementation plan is good practice. This process helps to ensure that broad objectives will be supported by actions that may be implemented.

Competition Policy Recommendations:

- A stand alone implementing authority, the Competition Authority, should be developed and implemented.
- Member of the Competition Authority should be a member of all implementing councils/commissions where developed under the NES, PSDS, BIS and IDP.
- A member of the Competition Authority participates in all trade negotiations.
- The BIS should directly reference the Competition Policy, especially regarding improvement to all doing business activities.

4.5 National Export Strategy Recommendations

The NES has a number of strategic objectives that have been broken down into more specific activities. These activities contain varying degrees of specificity. The anticipated Secretariat, BEDIA, has indicated that a more detailed implementation plan will be developed upon establishment of the implementing authority.

The PSDS is essentially a product of the NES even though this is not explicitly stated in any of the policy or strategy texts. As a result, overlap between the two documents is considerable in both broad objectives and the more specific activities. The NES contains a group of “client” related activities such as information circulation and skills training. Such activities would be more appropriately considered under the PSDS, as the client in this case is the private sector. Recommendations in shifting the ownership for certain action areas have been done under this premise – that the PSDS covers all those actions that directly improve the capacity of the private sector.

The proposed implementation structure of the NES may not be ideally suited for the tasks at hand. The membership of the National Export Strategy Implementing Council (NESIC) has approximately 17 members from the public sector, private sector and civil society. This may lead to inefficiency in oversight and decision making. Furthermore, the task forces, meant to carry out specific objectives are broken down into manufacturing, services, and cross cutting issues. Such a breakdown may not be the best structure to carry out specific duties. The reason for this is two-fold; most tasks stipulated in the NES are meant to improve the capacity of all industries, whereas the sub-committees, as currently proposed, are based on an industry or service sector. What would make a particular sector, such as mining, more capable to carry out a strategic objective such as ensuring the creation of jobs through export trade? The all encompassing nature of the NES affects each sector equally. Having a

“cross-cutting” specific subcommittee defeats the purpose of the oversight council that should ensure that such issues are considered across the board.

A quick review of the strategy’s budget shows that a significant proportion is earmarked for establishment of a loan facility. Indirectly, this can boost exports but the primary function would be to build industrial capacity. Therefore, its placement is better suited for another strategy document.

NES Recommendations:

- Sub-committees should be created along the lines of policy objectives with an appropriate membership to consider each issue. Members may be in more than one committee depending on the interest.
- Reduce the NESIC membership to smaller core group, interested parties may participate in the subcommittees of interest.
- The implementation and monitoring plan should follow the format as found in the PSDS.
- A SMME versus large company perspective should be introduced through the inclusion of Local Entrepreneurship Authority (LEA) in the implementing Committee membership.
- Issues relating to the “client” should fall under the authority of the PSDS.
- The proposed establishment of a loan facility should be stipulated in BIS as such initiatives more closely compliment investment incentives.

4.6 Private Sector Development Strategy Recommendations

The relationship and points of overlap between the PSDS and NES has already been documented. There is a strong focus of this strategy on the provision of workshops, trainings and studies, all with the goal of building capacity of the private sector. These focus areas are well placed as it is the private sector that is most qualified to articulate what its needs are, especially in subject matter and skills development. However, there are a number of direct strategic objectives relating to industrial development, investment and SMME’s which, given the existence of such policies, may be considered misplaced.

The implementation mechanism is similar to that of the NES with a National Steering Committee (NSC) supported by a number of subcommittees. The membership of the Committee is far more manageable than the NESIC with a proposed six core members. Like the NES, the subcommittees are sector specific which, given that most strategic objectives are cross cutting in nature, may not be the most effective way to implement the strategy. There is no clear relationship between the PSDS

objectives and the subcommittee composition. All recommended subcommittees could, alternatively, be grouped as industry or services, as has been suggested in the NES.

BOCCIM, in playing the role of Secretariat, is responsible for coordination. BOCCIM is also present in the Committee and indirectly in the HLCC, where it also serves a coordinator role. These multiple roles may be further strengthened and consolidated by the proposal to transform BOCCIM into an Apex body, with a strong institutional and legal framework, linking the sectoral associations and representing all sectors. However, if it is decided to create such a prominent and all encompassing role for BOCCIM, measures must be taken to ensure that it has the necessary capacity and carries forward an agenda that is representative of all its membership. Another point to consider is the role of SMME's versus the large companies. A single approach towards assisting each one in the strategic objectives may not be effective as each has its particular needs and capacity constraints that must be targeted.

It would be worth considering that the PSDS and NES be ultimately responsible to the same entity as the former is a product of the latter. As proposals currently stand, the HLCC guides the PSDS while the MTI guides the NES. Such a situation does not foster coordination or collaboration.

PSDS Recommendations:

- The Ministry of Trade and Industry, given its sole focus on trade, may be more suited to oversee the work of the implementing Committee rather than the HLCC.
- BOCCIM, as Secretariat, may provide HLCC related input through this role or as member of the implementing Committee.
- Consider creating sub-committees along the lines of action areas with a membership to consider each issue. Members may be in more than one committee depending on the interest.
- Ensure that, should BOCCIM be transformed into an Apex body, all sectors are represented equally and the capacity exists to properly conduct necessary activities.
- A SMME versus large company perspective should be introduced through the inclusion of LEA in the implementing Committee membership.
- Recommendations relating to the combat of crime and prevention of corruption should be dropped as the Government holds prime responsibility in addressing these areas.

4.7 Botswana Investment Strategy Recommendations

The BIS has a number of programs that may be considered broad policy objectives. There are six programs, and each has a number of strategies for achieving desired output/outcomes. These vary in specificity but overall do meet the definition of a strategy document, which is to provide a definite plan of action to meet a set goal. As such, the indicated strategies must be supported by a more specific action plan and corresponding implementation matrix. Like the NES, these may be refined upon establishment of an implementing body but this has not been indicated anywhere in the document. Lead authorities have already been specified and would serve accordingly on the relevant sub-committees.

Implementation structure of the BIS needs to be seriously revised and presented in more detail. The proposed leadership of the Cabinet Committee on the Economy and Employment does not necessarily ensure the expertise or adequate levels of oversight for such issues. In addition, it is not common practice to have such an entity composed of elected officials driving a given policy which is typically the domain of a specific Ministry. If this path were to be followed, the implementation structure would lay with either MFDP or MTI with BEDIA as the secretariat. This dual role of BEDIA as NES and BIS coordinating secretariat will also assist in ensuring that overlap and duplicative activities are minimized.

BIS Recommendations:

- The primary focus of the BIS should be on investment and related incentive activities.
- Tax related issues, especially those relating to investment incentives, may be considered under the BIS.
- The BIS needs further development and refinement of its implementing structure.
- Rather than serve as the Secretary as is proposed, MTI (or MFDP) should be considered in providing oversight for implementation.
- BEDIA should be provided a more prominent role in BIS implementation and oversight.
- Subcommittee membership to carry forward the six recommended programs must be specified.
- Consider breaking up Program One. As currently stands, the multiple lead authorities lead to difficulty in oversight and implementation.

4.8 Broad Recommendations

1. NES and PSDS to be implemented under the same structure, with consideration to incorporate BIS

The entity responsible for oversight and implementation for the NES and PSDS should be under the same administration given the close relationship between the two. Figure 6 presents the composition of the institutional structure. When compared, the proposed structures for the NES and PSDS demonstrate considerable overlap in overall membership and functioning – the primary difference being the approximate 17 members of the NES versus the approximate six members of the PSDS implementing authority (see Figure 7). The representation of the Office of President in the structure should be maintained but the utility of granting a permanent seat to a development partner is questionable. Senior decision makers will need to determine an inclusive membership that does not compromise efficiency. The implementing authority must also take into account the concerns and particulars of the country's SMME Community, hence proposed inclusion of LEA.

A formalized role for GICO within the implementation structure of the PSDS and NES is also proposed. Doing so will ensure that all relevant Government policy objectives are considered and incorporated into strategy plans. This is most important for the larger cross cutting issues not directly related to trade such as woman and youth, education, environmental sustainability and HIV/AIDS. Following the formal adoption of the strategy and policy documents under consideration in this paper, GICO may play a leading role in the review or re-evaluation of each as needed. Inclusion of the BEAC Task Force into the final implementation structure may also be considered.

Proposals for where the implementing authority is housed also vary. The HLCC, as proposed in the PSDS, is not a permanent structure but does have the mandate to oversee implementation of economic policies and strategies. The wide representation of the HLCC will also ensure greater participation in the implementation process. However, for purposes of coordination, it may be preferred that a more permanent "home" be found for the implementing authority. The MTI, if properly staffed, is well suited to house an autonomous agency tasked with implementation. This setup may foster more consistent pressure in moving strategic objectives forward and ensuring relevant policies are considered. By including a member of the Office of the President and BOCCIM into the Implementation Council/Committee, links with the HLCC are also maintained.

BOCCIM and BEDIA may both play a role in coordination assuming that a split is still maintained between the PSDS and NES strategic objectives. This would foster more targeted implementation with both entities co-chairing meetings at the level of the implementation council/commission. A structure demonstrating this combined implementing structure is presented in Figure 9.

Figure 6: Current Institutional Layout of NES, PSDS and BIS

| | NES | PSDS | BIS |
|----------------------------|----------------------------|-------------------------|--|
| Located Within | MTI | HLCC | Ofc. Of VP |
| Institutional Leadership | NESIC (approx. 17 members) | NSC (approx. 6 members) | CECEE |
| Meetings | Quarterly | Semi Annually | not specified |
| Chair | MTI | not specified | Vice President |
| (Coordinating) Secretariat | BEDIA | BOCCIM | Cabinet Secretariat or MTI (unspecified) |

Incorporating the BIS under this implementation structure may also be considered given the ambiguous nature of its implementing authority and questionable rationale of housing it within the office of the Vice President. Investment related activities fall under the mandate of BEDIA and, assuming the capacity exists, it could serve as the Secretariat of both NES and BIS activities. A possible structure is presented in Figure 10.

Figure 7: Membership of Proposed Implementing Authority for NES, PSDS and BIS

| Membership | NES | PSDS | BIS |
|---|-----|------|----------------------|
| Office of the President | | X | NOT SPECIFIED |
| Min. of Trade and Industry | X | X | |
| Min. of Finance Development and Planning | X | X | |
| Min. of communications, Science and Technology | X | | |
| Min. of Agriculture | X | | |
| Min. of Environment, Wildlife and Tourism | X | | |
| Min. of Labor and Home Affairs | X | | |
| Min. of Education and Skills Dev. | X | | |
| BEDIA | X | | |
| BIDPA | X | | |
| BDC | X | | |
| LEA | X | | |
| CEDA | X | | |
| BOBS | X | | |
| BURS | X | | |
| BOCCIM | X | X | |
| BEMA | X | X | |
| Other NGO's TBD | X | | |
| Development Partner | | X | |

A restructuring of the sub-committees of the NES and PSDS should also be considered. This overlap is presented in Figure 8. In essence, the representation of each is the same with strategic objectives to be carried out along the lines of manufacturing or services. However, a significant majority of strategic objectives affect the capacity of all sectors, industrial or services oriented. Therefore, a shift away from a sectoral representative structure is proposed, with sub-committees organized along the varying objectives and related action items. This may necessitate some overlap in membership amongst the sub-committees, but such a structure would facilitate the achievement of strategic objectives.

Figure 8: Similar Membership of NES and PSDS Sub-Committees

| NES | | PSDS | |
|---------------|--|---------------|------------|
| Committee | Membership | Committee | Membership |
| Products | Minerals, Meats, Textiles/Garments, Arts/Crafts, Jewelry, Leather/Hides/Skins, Indigenous Products, Agri Business | Mining | TBD |
| | | Agriculture | TBD |
| Services | Finance, ICT, Tourism, Transport, Performing Arts | Tourism | TBD |
| | | Manufacturing | TBD |
| Cross Cutting | Export Development, Export Finance Quality/Standards, Trade Information, Cargo Handling Svc, Trade Support Network | Construction | TBD |
| | | ICT | TBD |
| | | Financial Svc | TBD |

Figure 9: NES and PSDS – Option for Consolidated Implementation Authority

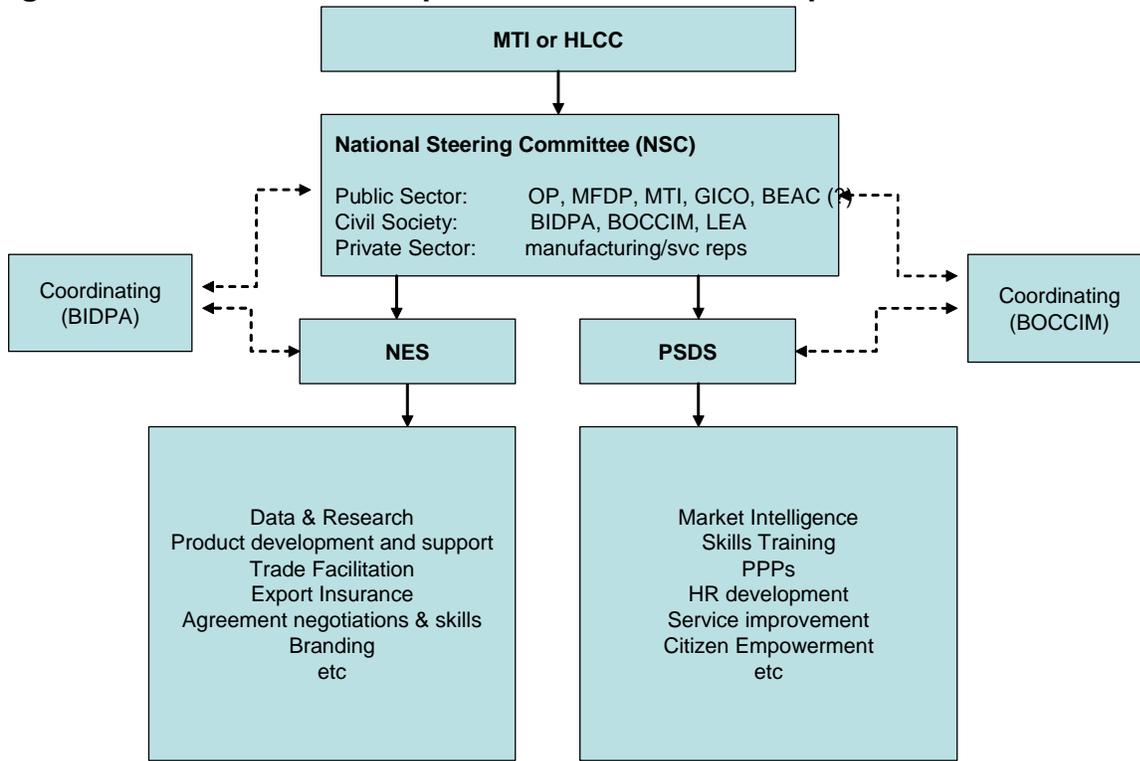
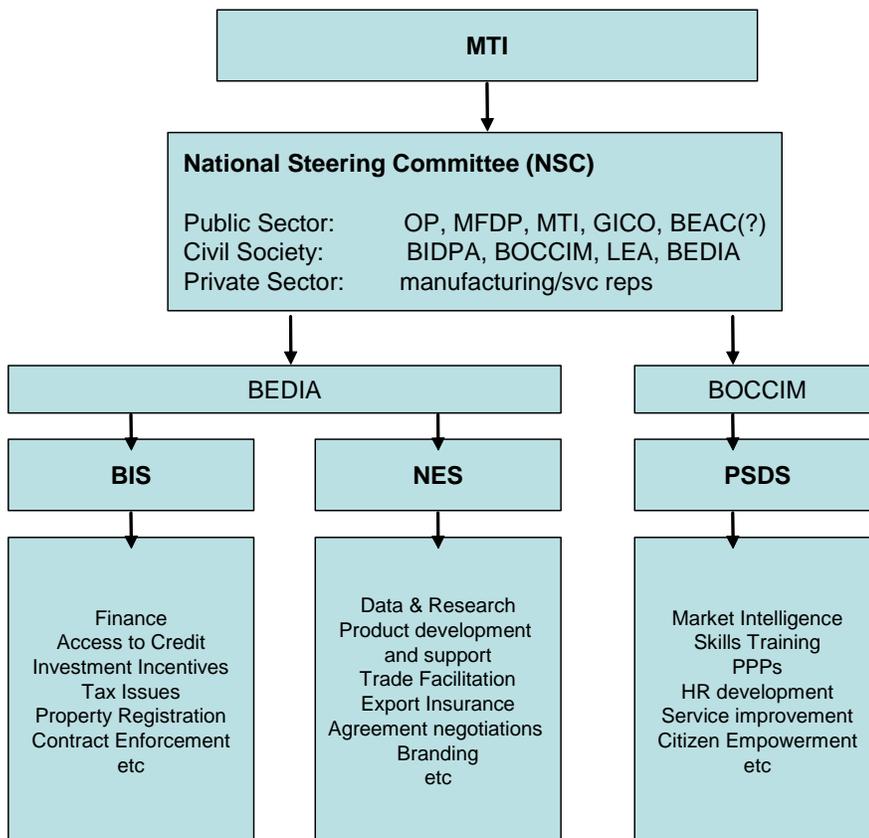


Figure 10: NES, PSDS and BIS Option for Consolidated Implementation Authority



2. Maintain separate structure for Competition Policy and Industrial Development Policy

The degree of independence of these policies warrants each to maintain a separate implementation mechanism should it be determined that one is to be created. A Competition Authority (CA) is in the process of being established, with a legal mandate defining the issues that fall under its purview. A member of the CA may serve in strategic sub-committees for other identified strategies but, given the narrow mandate of the CA, a permanent seat on a given implementing authority, as proposed in other strategy documents, is not necessary.

It will be some time until the issue areas and IDP structure is known as it is in the process of being revised. A number of questions have already been posed in the relevant chapter that, once answered, will guide the development of an implementation plan if one is deemed necessary. For the time being, it should remain a stand alone. If the current IDP format is followed, a more detailed implementation and monitoring plan must be devised to better achieve stated objectives. Consideration of incorporating an implementation plan under the PSDS/NES structure may be considered during a future review of all policies but is not advisable at this time.

3. Establish a formalized coordination structure between established implementing authorities

An oversight committee of this type is essential given the linkages between all strategies under consideration. GICO could chair such a committee with representation from the implementation authorities of the NES, PSDS, BIS and Competition Authority. Meetings would be held on a regular basis, perhaps two times a year, to assess all implementation plans and actions to ensure overlap and wastage is minimized. This committee would also be in a position to provide guidance should a conflict of interest and duplication of duties arise.

For ease of coordination, all trade related strategies should have a similar timeframe. Currently, the NES, PSDS and BIS are to be in effect from 2009 – 2016. Though the date of implementation may have to be revised, the end date of 2016 should remain in order to keep strategies aligned to Vision 2016 and NDP objectives.

4. Develop guidelines for the assignment of responsibilities of particular issue areas

A general set of guidelines should be developed for the creation or revision of future trade related policy or strategy documents. This would assist in the assignment of particular issue/action areas. The occurrence of duplicated strategic objectives amongst the various strategy and policy documents is apparent from the breakdown presented in Annex 1. Upon examination of all strategic objectives and corresponding activities, a list of general issue areas and respective strategy or policy documents

has been composed in Figure 11. It is to be understood that certain issue areas may be addressed under more than one strategy paper depending on the specifics. Government decision makers, with support from the proposed implementation oversight committee will have to make the final decision as to where a particular action area may lie.

Figure 11: General Assignment of Trade Related Issue Areas

| NES | PSDS | BIS | IDP | CP |
|---|--|---|---|---|
| Skills training - trade & export issues and data analysis | Skills training - HR Development and business/trade skills | Review current investment incentive package | Skills training - Sector specific initiatives | Establishment of Competition Authority |
| Research | Market intelligence and & related dissemination | Beneficiation and economic diversification through investment | Productivity issues | Ensuring Consistency of CP with other Government Policies |
| Trade facilitation initiatives | Exploitation of market opportunities | Access to (micro) finance | Land provision and factory shells | Public awareness and support for competition enforcement |
| Placement of Trade Attaches | Public Private Partnerships | Access to credit | Utility costs and provision | Interfacing CA with other regulatory bodies |
| Trade data gathering & related dissemination | Citizen Empowerment | Promotion of FDI | General infrastructure development | Structural reform of public monopolies |
| export insurance | Build work ethic and entrepreneurial mindset | Tax review and reform | Standards and quality insurance | Mergers and acquisitions |
| WTO rules and issues | Improve private sector services | Sectoral investment promotion | SMME development issues | Professional services |
| Strengthening of Trade Support Network | Creation of Apex body to represent private sector | Build investment promotion agencies | Special Economic Zone development | Consumer protection |
| | Improve public private dialogue | Customer service delivery index development | Procurement | Small scale firms |
| | Supply side constraints and supply chain studies | Review of labor and immigration laws | Sectoral specific initiatives | Collective bargaining |
| | | reduce cost of registering property | Acquisition of technology | |
| | | Reduce procedures for enforcement of contracts | Privatization | |

5. Develop a standardized template for the creation of Government Policy and Strategy documents to ensure consistency

This proposal stems from the fact that there is no consistency in the layout of a Government Policy document or Strategy Document. It has already been noted that a policy document should provide general guidelines by which to carry out related decisions. A strategy lays out a definite plan of action by which to achieve particular strategic objectives. These distinctions were blurred in a number of the documents under analysis; the strategies were not specific enough to be implemented while some policies went beyond the provision of general guidelines – going so far as to state desired results and, at times, stipulating how this was to be done. Policy papers should clearly call for the development of a related implementation plan if it is

deemed necessary and all implementation and monitoring plans should follow a standardized template. The PSDS provides an excellent standard to follow.

6. Conduct comprehensive Trade Strategy and Policy training and awareness program

The documents under analysis in this paper were created, to a large part, in isolation of one another as evidenced by the existence of duplicated strategic objectives. These typically went beyond the natural presence of inherent synergies. Basic awareness raising activities should be developed and carried out as trade related strategy and policy papers are adopted. Ideally, a comprehensive awareness session would be provided for all involved implementers, relevant stakeholders and a broader sector of government officers on a consistent basis. A greater awareness of the trade related strategies and policies will foster proper and well informed decision making and successful implementation of strategic objectives. If deemed a success, such a program could be expanded to include non trade related policies.

ANNEX 1: POLICY AND STRATEGY ACTION AREA COMPARISONS

1. Industrial Development Policy

| Industrial Development Policy: Recommendations on Strategies/Actions | | | | | |
|--|----------|--------|------|----------------------|--|
| Action | Maintain | Delete | Move | Recommended Location | Justification |
| Use of incentive schemes to improve productivity and achieve competitive unit labour costs | | | X | IDP | Productivity issues to fall under IDP |
| Investment protection and Double Taxation Agreements | | | X | BIS | An incentive to that will attract investment |
| Provision of serviced land and factory shells | X | | | | |
| Reduce Costs of Utilities | X | | | | |
| Data collection and dissemination | | | X | NES | Trade and market data projects under NES |
| Export Credit Insurance and Guarantees | | | X | NES | This type of insurance of direct relevance to exports |
| Product Quality Standards | X | | | | Improvement in certification, testing and quality standards supports the improvement of all industries |
| Establishment of Investors Services Center | | | X | BIS | Investment related services falls under BIS. BEDIA focus, however, is currently under NES. |
| Develop and suport programs to assist new and expanding exporters | | | X | NES | Direct export relation |
| Local authorities encouraged to design investment promotion strategies | | | X | BIS | Investment promotion to fall under BIS |
| Support for Toursim Industry | X | | | | |
| Establishing a Freezone as a mechanism for stimulating investment | X | | X | BIS | Establishment and construction is directly realted to IDP, promotion of investment in BIS |
| HR Development and Training | | | X | PSDS | Of direct benefit to private sector |
| Acquisition of Technology | X | | | | |
| SMME development initiatives | X | | | | |
| Privitization | X | | | | |

2. Competition Policy

| Competition Policy: Recommendations on Strategies/Actions | | | | | |
|--|----------|--------|------|----------------------|-----------------------|
| Strategic Considerations | Maintain | Delete | Move | Recommended Location | Justification |
| Establishment of Competition Authority | X | | | | No Change Recommended |
| Ensuring Consistency of CP with other Governmetn Policies | X | | | | No Change Recommended |
| Development of Public awareness and support for competiton enforcement | X | | | | No Change Recommended |
| Interfacing CA with other regulatory bodies | X | | | | No Change Recommended |
| Structural Reform of Public Monopolies | X | | | | No Change Recommended |
| Mergers and Acquisitions | X | | | | No Change Recommended |
| Professional Services | X | | | | No Change Recommended |
| Consumer protection | X | | | | No Change Recommended |
| Small Scale Firms | X | | | | No Change Recommended |
| Collective Bargaining | X | | | | No Change Recommended |

3. National Export Strategy

| National Export Strategy: Recommendations on Strategies/Actions | | | | | |
|---|----------|--------|------|----------------------|---|
| Action Areas | Maintain | Delete | Move | Recommended Location | Justification and Comments |
| Training, (industry) skills audit/development and related needs assessment(s) | X | | X | PSDS, IDP | Trade issue awareness and information analysis related training covered by NES. |
| Product (niche) development support including rural focus areas | X | | | | |
| Research | X | | | | |
| Trade facilitation | X | | | | Includes NTB, border operations and transport related services |
| Infrastructure development | | | X | IDP | A diverse area best led by the IDP |
| Negotiations and related skills | X | | | | |
| Improvement of status of doing business report measures | X | | X | BIS, IDP | Cross cutting in nature, must be disaggregated into specific measures that may be better addressed in other documents |
| FDI activities | | | X | BIS | All Investment related activities should fall under BIS |
| Implementation of FDI strategy | | | X | BIS | All Investment related activities should fall under BIS |
| Citizen empowerment | | | X | PSDS, IDP | Directly related to private sector support and closely compliments industrial development objectives |
| Procurement | | | X | IDP | Such policies relate to (SMME) industry development and are directly addressed in the IDP |
| Minimum wage | | | X | PSDS | An issue of direct bearing on the private sector |
| Women and youth empowerment | X | | X | all | More of a cross cutting issue to be addressed in all development initiatives |
| Market intelligence | X | | | | |
| Branding | | | X | BIS | Brand Botswana initiatives suggested under BIS |
| Information dissemination | X | | X | PSDS | PSDS also has a role to play in keeping the private sector informed - private sector best knows its needs. |
| Trade Data | X | | | | |
| Access to Finance | | | X | BIS | Improvement in this area would assist in spurring investment, subsequently building export capacity |
| Access to Credit | | | X | BIS | Improvement in this area would assist in spurring investment, subsequently building export capacity |
| Export insurance | X | | | | |
| Quality Assurance and Standards, including environmental sustainability efforts | | | X | IDP | Improvement in certification, testing and quality standards supports the improvement of all industries |
| WTO related rules and issues | X | | | | |

4. Private Sector Development Strategy

| Private Sector Development Strategy: Recommendations on Strategies/Actions | | | | | |
|---|----------|--------|------|----------------------|--|
| Strategy | Maintain | Delete | Move | Recommended Location | Justification |
| Workshops and trainings for skills building and issue awareness | X | | | | All related to HR and business skills development |
| Improve availability and access to market intelligence | X | | X | NES | The private sector best knows its intel needs, NES can assist in obtaining the data and assisting in dissemination |
| Exploit market opportunities | X | | | | |
| Improve/develop export finance schemes | | | X | BIS | Finance related issues fall under the BIS |
| Improve quality of goods and services of Botswana's private sector firms (standards) | | | X | IDP | Quality standards testing improvement and related awareness to the benefit of all industries |
| Improve trade facilitation | | | X | NES | All actions are NES related except development of Walvis Bay should fall under IDP |
| Improve the capacity of the private sector to take advantage of the multilateral trading system | X | | | | |
| Strengthen public private partnerships | X | | | | |
| Promote citizen empowerment through excellence | X | | | | |
| Reduce the cost of formalisation of the SMEs | | | X | IDP | SMME development programs are specified in IDP |
| Establish private sector micro finance firms | | | X | BIS | Improvement in this area would assist in spurring investment, subsequently building export capacity |
| Cluster SMEs | | | X | IDP | Broad objective best followed under IDP |
| Strengthen linkages between the SMEs and the large firms | | | X | IDP | SMME development programs are specified in IDP |
| Promote FDI | | | X | BIS | Improvement in this area would assist in spurring investment, subsequently building export capacity |
| Implementation of the Economic Diversification via FDI | | | X | BIS | Link between investment and other programs best articulated in BIS |
| Promote beneficiation through incentives | | | X | BIS | Stipulated activities aim to attract investment and devise incentives to attract investment |
| Support the development of economic zones | | | X | IDP | SEZs are part of a broad industrial policy |
| Invest in human resources development | X | | | | |
| Improve the work ethic and promote an entrepreneurial mindset | X | | | | |
| Improve the quality of services provided by private sector | X | | | | |
| Rationalize the mandate of the trade support institutions | | | X | NES | Supports government decision making and the private sector. |
| Establish an apex body of all sector associations | X | | | | |
| Improve public- private sector dialogue | X | | | | |
| Complete, consolidate and sustain the gains from implementing the FIAS recommendations | X | | | | |
| Public Service Reform plans (company registration, work permits, licences) | | | X | BIS, IDP | All public service reforms that will create an environment more conducive to investment are BIS. |
| Promote efforts to combat crime | | X | | | Major cross cutting issues best spearheaded by office of the president as separate initiative |
| Strengthen capacity to prevent corruption | | X | | | Major cross cutting issues best spearheaded by office of the president as separate initiative |
| Improve infrastructure | | | X | IDP | A diverse area best led by IDP |

5. Botswana Investment Strategy

| Botswana Investment Strategy: Recommendations on Strategies/Actions | | | | | |
|--|----------|--------|------|----------------------|--|
| Strategies for Achieving Output/Outcome/Action | Maintain | Delete | Move | Recommended Location | Justification |
| Establish One stop Shop at BEDIA | | | X | NES | This process already stipulated under NES - means for improving investment services may be also be included |
| Establish Competition Authority | | | X | NCP | Falls solely under the Competition Policy |
| Develop a customer service delivery index | X | | | | |
| Intensify public service reforms, especially with respect to project implementation and service delivery | X | | X | all | Reforms cover a number of areas - further refinement of this strategy necessary |
| Improve access to credit financing | X | | | | |
| Establish balance between price stability economic growth and employment creation | X | | X | all | A number of factors in all policy areas will influence this strategy - further refinement necessary |
| Review current investment incentive package | X | | | | |
| Reduce multiple tax payments | X | | | | |
| Reduce the turnaround time for processing export and import documents (trade facilitation) | | | X | NES | Actions that directly foster exports and acquisition of input materials |
| Finalize the ongoing review of the labor and immigration laws | X | | | | |
| Provision of Adequate Infrastructure | | | X | IDP | A diverse area best led by IDP |
| Reduce cost of registering property | X | | | | |
| Reduce procedures for enforcement of contracts | X | | | | |
| Reduce Cost of Utilities | | | X | IDP | A diverse area best led by IDP |
| Conduct diagnostic analysis of industry skills needs | | | X | PSDS | Skills development under PSDS purview |
| Corruption, accounting standards, governance and improvement of regulatory system | | X | X | | Corruption and Governance with OP, other suggestions are far too broad and encompass a number of Ministries. |
| Conduct diagnostic analysis of local enterprise supply side constraints | | | X | PSDS | Of direct applicability to private sector, regulatory reform could assist in addressing |
| Increase use of local goods and services in public and private sector projects | | | X | IDP/NES | PPADB policy review (SMME's) will fall under the IDP, supply chain linkage studies conducted under NES |
| Upgrade and modernize industrial production capacities | | | X | IDP | A diverse area best led by IDP |
| Facilitate and establish linkages between local enterprises and large companies | | | X | IDP | A diverse area best led by IDP |
| Provide product quality enhancement support (standards) | | | X | IDP | A diverse area best led by IDP |
| Leverage FDI to contribute to the development of local enterprise capacity | X | | | | |
| Worker skills development | | | X | PSDS | Direct relation to private sector |
| Promotion of Investment Opportunities in Sectors of Focus and Priority (specific activities not listed) | X | | | | |
| Establishment of SEZ's | | | X | IDP | A diverse area best led by IDP |
| Implementation of Brand Botswana | X | | | | |
| Rationalize responsibilities of Investment Promotion Agencies | X | | | | |

ANNEX 2: THE TRADE SUPPORT NETWORK

Market Promotion and Access

- Ministry of Trade and Industry
- National Committee for Trade Policy Negotiations (NCTPN)
- BW Export Development and Investment Authority (BEDIA)
- BW Chamber of Commerce Industry and Manpower (BOCCIM)
- BW Exporters and Manufacturers Association (BEMA)
- International Financial Services Centre (IFSC)
- Botswana Agricultural Marketing Board (BAMB)
- American and African Business Women's Alliance (AABWA)
- Women in Business Association (WIBA).

Quality Control, Standards and Production

- Botswana Bureau of Standards (BOBS)
- Botswana National Productivity Centre
- National Food Technology Research Centre
- Botswana Meat Commission
- National Vet Laboratory

Trade Policy Research & Development

- University of Botswana
- BW Institute of Development Policy and Analysis (BIDPA)
- BW Council of Non-Governmental Orgs. (BOCONGO)

Technology Transfer

- Botswana Technology Centre
- Rural Industries Innovation Centre
- Botswana Training Authority
- Ministry of Science and Technology
- NAFTEC

Financing

- Citizen Entrepreneurship Dev. Agency (CEDA)
- National Development Bank
- Botswana Development Corporation
- Venture Capital Fund
- Botswana Export Credit Insurance
- Private commercial banks
- Women's Finance House

Entrepreneurial Development

- LEA
- BOCCIM
- CEDA
- Small Business Council
- USAID & UNDP
- AABWA & WIBA
- Women's Finance House.
- BEMA & BEDIA