



BUSINESSBOTSWANA

17th NBC 2024

National Business Conference

REPORT

Volume 1



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LIST OF ACRONYMS

AfCFTA-African Continental Free Trade Agreement
AGOA-African Growth and Opportunity Act
AI-Artificial Intelligence
AIDS-acquired immunodeficiency syndrome
AU-African Union
BAC-Botswana Accountancy College
BB-Business Botswana
BIDPA-Botswana Institute for Development Policy Analysis
BITC-Botswana Investment and Trade Centre
BIUST-Botswana International University of Science and Technology
BMC-Botswana Meat Commission
BMTHS-Botswana Multitopic Household Survey
BOBS-Botswana Bureau of Standards
BOCRA-Botswana Communications Regulations Authority
BOS-Business of State
BQA-Botswana Qualifications Authority
BSE-Botswana Stock Exchange
BT-British Telecom
BTCL-Botswana Telecommunications Corporation Limited
BURS-Botswana Unified Revenue Service

BWP-Botswana Pula
CDR-Call Detail Record
CEO-Chief Executive Officer
CGE-Computable General Equilibrium
COMESA-Common Market for Eastern and Southern Africa
CSR-Corporate Social Responsibility
DCA-Designated Competent Authorities
EA-Enumeration Areas
EDD-Economic Diversification Drive
EDF-Export Development Fund
EIA-Environmental Impact assessment
EPA-Economic Partnership Agreements
FDI-Foreign Direct Investment
FNB-First National Bank
GDP-Gross Domestic Product
GoB-Government of Botswana
GTI-Guided Trade Initiative
HIV-Human Immunodeficiency Disease
HLCC-High Level Consultative Council
HRDC-Human Resource Development Council
ICBT- Informal Cross Border Traders
ICT-Information Communications Technology
IMD-Institute of Management Development
IMF-International Monetary Fund
IPO-Initial Public Offering
LEA-Local Enterprise Authority
M&E-Monitoring and Evaluation
MDA- Market Development Assistance
MICE-Meetings Incentives Conferences and Events
MoE- Ministry of Entrepreneurship
NBC- National Business Conference
NBFIRA-Non Bank Financial Institution Regulatory Authority
NDP-National Development Plans
NTB-Non-Tariff Barriers
NTM-Non-Tariff Measures

- PPP-Public Private Partnership
- PPRA-Public Procurement Regulatory Authority
- PSBoR-Public Sector Bill of Rights
- PSBR- Public sector Borrowing Requirements
- PS-Permanent Secretary
- PSTC-Provisional Schedule of Tariff Concessions
- R&D-Research and Development
- REC-Regional Economic Communities
- RIA-Regulatory Impact Assessment
- RMB-Rand Merchant Bank
- RoO-Rules of Origin
- RTB-Regional Trade Blocs
- SADC-Southern African Development Community
- SBP-Standardised Bidding Packages
- SDG-Sustainable Development Goals
- SEZ-Special Economic Zones
- SHLCC-State High Level Consultative Committee
- SME-Small Medium Enterprises
- SMME-Small, Medium and Micro Enterprises
- SOE-State Owned Enterprises
- STEM-Science Technology Engineering and Mathematics
- TVET-Technical and Vocational Education Training
- UB-University of Botswana
- UK-United Kingdom
- UNDP-United nations Development Programme
- USD-United States Dollar
- USTDA-United States Trade and Development Agency
- US-United States
- VAT-Value Added Tax
- WIL-Work Integrated Learning
- YDF-Youth Development Fund

FOREWORD

Dear delegates, presenters, and esteemed readers,

We are pleased to share the proceedings of the 17th National Business Conference (NBC) held in Francistown on the 25th to 28th August 2024. Since the beginning of these dialogues in 1988, only one NBC failed to be held on the biennial interval, that of 2020, due to the COVID-19 pandemic.

CONFERENCE RESOLUTIONS & POLICY REFORMS

While procurement formalities for NBC 17 began in late November 2023, in actual effect, preparations began as soon as NBC 16 ended in 2022, when conference resolutions were debated, adopted, and forwarded to relevant government ministries for implementation. Past implementation of some of these resolutions has led to some reforms in the Botswana business environment. A strong sentiment of the Conference was the importance of the implementation of conference resolutions, as well as government policies and initiatives. The desire is to present innovative ways to ensure that implementation is greatly enhanced.

THE CONFERENCE THEME

Given the turbulence in the domestic economy, which arguably mirrors global economic circumstances, in our respectful view, the organising Committee for NBC 17 could not have selected a more appropriate theme. The theme, “Invigorating Economic Transformation Through the Private Sector” brought home the importance of greater private sector participation in areas which have traditionally been the domain of Government including but not limited to infrastructure development, transport, certain aspects of real estate and housing, as well as a concerted effort to privatise state owned entities, duly carefully selected and identified for the commercial benefits and increased commerce arising therefrom. An acceleration of Public-Private Partnerships has become a pressing economic imperative. With the conference held at a time when the fiscus is under pressure as a result of economic headwinds, the opportunity to further enhance private sector role in the economy could not be more timely. With the implementation of policy as well as conference resolutions, and working with the Government and other stakeholders, the private sector stands ready to contribute to many spheres of the economy.

Furthermore, the collaboration between government and other stakeholders will assist government to have enhanced focus on policy making, regulation, oversight, and other related functions.

INNOVATIONS AT NBC 17

This year's conference entailed several innovations, in both the structure and content. Notable structural innovations include the following:

- a) Twin Keynote presentations performed by Dr Razia Khan (Standard Chartered Bank, Chief Economist and Head of Research Middle East and Africa), and Ms. Esther 'Luongo' Psarakis of (President of Foodpreneur, USA, USAID Senior International Market Linkages Expert). Given the current economic climate, and the expertise of either keynote speaker, we couldn't have wished for better.
- b) Plenary sessions were used to handle broad topics of general interest, and enhance opportunities for deliberative engagements
- c) More panel discussions were added to admit more experts to the programme.
- d) Parallel Breakout Sessions to give delegates, and speakers opportunities to explore topics at greater depth, and engender more engagement.

Content related innovations include the following:

- a) Junior executive led sessions. These were so named because they discussed issues of primary concern for today's young executives, professionals and entrepreneurs with an eye on the future. Specifically, they discussed two issues of major interest to young people: Digital Transformation and Private Sector Growth; and Leadership. Both sessions received excellent reception during the conference, and equally excellent reviews.
- b) Sessions relating to social policy, with specific focus on health and education sectors. These were discussed from two perspectives; the demand by either sector for solutions of a business, regulatory and competition nature, and enhancements needed to supply world class services.
- c) 'New' topics of concern to business. We choose the term 'new' in this instance not because of the relative novelty of these matters on the NBC agenda; they have been discussed in one or another guise before. However, topics such as procurement, the African Continental Free Trade Agreement, Value Chain Development etc assume renewed importance and will gain prominence in economic thinking in the coming years, given Botswana's urgency for private sector led solutions

RECOGNITIONS AND GRATITUDE

We take this opportunity to recognise our sponsors who have stayed the course with the NBC, particularly given the unkind economic conditions under which the country exists now (our sponsors are recognised in the relevant page in this report). We are, also, particularly grateful to all the hospitality businesses in Francistown for hosting our delegates. Last but not least, we thank all delegates who attended the Conference, thereby contributing to its success.

We also want to thank all the speakers, panellists, and session chairpersons for their hard work, commitment, and for sharing their expertise freely. Many of these came from near and far. Our gratitude also goes to Business Botswana staff members who have been engaged in the preparations for this event; Ministry of Trade and Industry staff, Alkenes, our logistics partner, and the Botswana Institute for Development Policy Analysis (BIDPA), the economic consultant for NBC 17.

Thank you.

Mr Terrence Dambe
Managing Partner, Minchin & Kelly
Co-Chair, Business Botswana

Ms Malebogo Morakaladi
Presidential Investment Coordinator,
Co-Chair, Government of Botswana

INTRODUCTION

Over the years, Botswana's government-centered economic model has served the country well towards an admirable development trajectory. In recent years, however, with numerous public discussions about a new economic growth model, the call for a more private sector-led economy and diversified economy as well as transformation and innovation in accelerating the journey to economic prosperity by 2036 has become louder.

For Botswana, a private sector-led economy entails economic transformation to one where the private sector must be at the forefront of nonmineral sectors of the economy, in pursuit of growth, diversification, employment creation, and technology transfer. To attain such a state, common constraints to accelerating a private sector-led economy must be addressed. These include regulation, infrastructure development, scaling back state ownership of businesses; ineffective competition in the economy, underenforcement of competitive rules; facilitative activities including increasing access to finance, and increased investment in infrastructure. It is lamentable that since the Public Enterprise Evaluation and Privatisation Agency was established in 2001, only one parastatal has been privatised.

Recently, there are pressing reasons that long-term commitment is required to enable the private sector to capably partake in development.

First, key reasons for the rationale for a private sector-led economy are of a macroeconomic and microeconomic nature, as well as implementation challenges. Some of the major macroeconomic challenges facing the country include rising unemployment and job losses, coupled with rising government fiscal constraints. To address these challenges, the private sector (including SMMEs) must be stimulated and an enabling environment be put in place to create employment and replace lost jobs. A new economic and purposeful transformational paradigm is required. A failure to diversify the economy exacerbates unemployment with a net loss of jobs i.e. losing more jobs than it is creating. Public sector spending inefficiencies and suboptimal infrastructure are additional factors negatively impacting economic development and growth .

Second, further factors that hinder the growth of commerce include:

- i. the Government actively involved in commercial activities thus crowding out the private sector;
- ii. low productivity and competitiveness in the economy;

- iii. low rates of innovation and a conducive environment in respect thereof, which restricts the possibility of increased commerce;
- iv. regulatory inconsistency in the economy, including lack of competitive neutrality; and
- v. poor access to credit.

Above all is the lack of implementation of agreed initiatives, mainly related to the implementers' mindset on accountability and lack of will in regard there to,

lack of implementation capacity, Government fiscal constraints, fragmentation of implementation structures and poor service delivery.

The goals and intended outcomes from the conference include identifying innovative measures for increasing private sector participation in the economy. The conference structure consisted of (as per the attached Conference Programme):

1. Twin Guest or Keynote presentations sharing their expertise and insights on industry trends and innovation.
2. A Junior Executive Session as a new development in the 17th NBC Programme. This was a cohort of thought leaders and brightest entrepreneurs to lead the discussion of the Digitization landscape, leadership and implementation sub-themes. As expected, they provoked new thinking through challenging conventional thinking.
3. A plenary session involving a prominent speaker addresses an overarching Theme to share the broad terms of the debate around such a theme. Panel Discussion which was a group of experts leading the discussion offering diverse perspectives – setting the tone for breakout sessions.
4. Parallel breakout sessions that deeply explored specific topics, chaired by practitioners and featured business leaders, policymakers, and other strategic partners to share their perspectives on what needs to be done for the private sector to drive the economy. As part of these sessions, regional or global experts from high-performing economies or sectors were discussants. Breakout sessions also entailed a single speaker delivering a prepared talk or slides, setting the tone for roundtable discussions and discussants' insights.

Sub Themes

The Conference was intended to ignite action towards boosting economic transformation through private sector participation. This will include identifying the right ingredients to deepen private sector participation. These were identified as six (6) subthemes for greater scrutiny at the 17th NBC:

- i. Digital Transformation and private sector growth.
- ii. Leadership.
- iii. Enhancing Botswana's growth through value chain development.
- iv. Empowering the Private Sector through Public Procurement.
- v. Towards an export-led economy: Empowering Botswana Firms for Global Expansion.
- vi. Getting Implementation Right – combining with the Mindset change.

Additionally, five (5) specialized Subthemes for breakaway sessions supported by our digital platforms are as follows:

- i. Accelerating growth through AfCFTA.
- ii. Empowering the Health Sector for Effective Service Delivery.
- iii. Improving and enhancing the higher Education Sector, ensuring that it is fit for purpose for a modern economy, which is vital for a private sector-led economy.
- iv. Spurring Private Sector Growth through Privatization.
- v. Linking Poverty and Inequality Reduction and Private Sector Growth.

Networking Sessions

The conference was also designed such that it allowed for in-person attendees in various sessions; business-to-business (B2B) networking features, including the BoB Welcome Dinner and Debswana Cocktail Dinner, as well as Kgalagadi Breweries Limited (KBL) Cocktail dinner, on-demand content creation and interactive sessions. The conference also had an exhibition hall consisting of physical spaces for exhibitor booths and spaces for content creation.

DAY 1**NETWORKING SESSION:****WELCOME DINNER****SPEECH BY MR CORNELLIUS DEKOP, GOVERNOR, BANK OF BOTSWANA**

During the welcome dinner organised by Bank of Botswana, the Governor, Mr Cornelius Dekop, buttressed the theme of the 17th National Business Conference, namely “Invigorating Economic Transformation Through the Private sector”, as befitting, owing to the current challenges facing the country. He indicated support with the Conference objectives, namely building towards a Private Sector-Led Economy; an Export-Led Economy; and attaining economic growth through Value Chain Development. in his view, while the private sector should be the engine of Botswana’s economy, it requires every actor of the economy playing their role(s), – namely state-owned enterprises and institutions being dedicated to driving policy making, effective regulation, provision of services and utilities as well as promoting investment, and innovation.

The Governor started off by highlighting the country’s recent and future economic performance. He indicated that while the economy grew by 2.7 percent in 2023, initial projections of 4.2 percent as announced by the Minister of Finance, Honourable Peggy Serame during the 2024/25 Budget Speech were revised downwards to 1 percent by the International Monetary Fund (IMF). This lacklustre domestic economic performance is attributable to three factors. Firstly, subdued global economic performance as evidenced by recent annual growth rates of just above 3 percent in contrast to the historical (2000 - 2019) average of 3.8 percent. Secondly, is the recent decline in the diamond market, impacting negatively on mining production and trade; and, thirdly the weak economic growth due to domestic structural constraints.

Mr Dekop further underscored that while the first two sources of weak domestic performance are external and are outside the control of the country, third one is more concerning, imploring urgent action by private sector and government. To this end, the Governor highlighted five possible consequences that may arise, were the challenges and constraints not addressed. These are; (i) continued vulnerability to external and global economic cycles, compromising the country’s economic resilience owing to the insufficient fiscal and external buffers; (ii) stagnant international competitiveness, with trading firms unable to penetrate external markets and thus remain highly dependent on imports; (iii)

continuance of a less inclusive economy as a result of perpetuation of social ills such as high unemployment, inequality and poverty; (iv) restrained government mobilisation initiatives, leading to the country's reduced capacity to provide necessary infrastructure, services and facilitation; and (v) difficulty to attain the country's aspirations of a high-income status by 2036. Such status requires annual growth rates of 6.7 percent.

Given the foregoing, the Governor underscored the urgency to address existing domestic structural constraints to guard against manifestation of low productivity, which will in turn lead to slow pace of industrialisation and associated economic diversification and international competitiveness.

Mr Dekop reiterated Government's commitment to address the afore-mentioned challenges and constraints which were also evidenced during the advent of the COVID-19 pandemic. The commitment is espoused in the following policy documents - National Transformation Strategy 2023 – 2030; the Transitional National Development Plan; the Economic Recovery and Transformation Plan and pronouncements in the recent State of the Nation Addresses, aligned to existing campaigns such as the Reset Agenda and Mindset Change.

The Governor noted the limited traction of Government economic transformation strategies and initiatives coupled with limited financial resource commitments and allocation. This is demonstrated by continued limited industrialisation and low sectoral growth rates. He therefore called for the citizenry to change their thought processes and approaches to economic expansion, empowerment, inclusion and welfare improvements. He furthermore emphasised continued macroeconomic and financial stability, including broadly supportive fiscal, monetary and exchange rate policies. Stakeholders were implored to expedite addressing existing challenges, with a view to gain traction in the stated Government policy documents. Another call was for the need to continuously monitor the impact of government strategies and initiatives, with a renewed focus on the measurement of success of initiatives in terms of outputs rather than inputs.

Different avenues were proffered renewed avenues for private sector participation and impact, including the following: (i) export-led growth; (ii) scale and role of large corporates; (iii) additional employment creation; (iv) rationalisation and enhancing the impact of State-owned Enterprises (SOEs); and (v) harnessing and beneficiating local resources and endowments.

In terms of export-led growth, the Governor emphasised the need for firms to access the 1.4 billion strong African market people for sustained enterprise viability, leading to larger domestic production potential and employment opportunities. He indicated that the export market facilitated the integration of locally produced goods and services into global production and service value chains, coupled with the adoption of production, and product and service standards that enhance productivity and competitiveness of the domestic industry.

In relation to scale and role of large corporates, the Governor stated that it is crucial to acknowledge the role and value of scale of large corporates as they can serve as a market for goods and services produced by SMMEs, increasing employment opportunities. Large scale corporates also spur technology uptake and access to modernised global products and services.

With respect to rationalisation and enhancing the impact of SOEs, he stated that the opportunity to substitute government or state-owned enterprise roles with private sector participation, culminating into sectoral growth and enhanced government's financial resources (as well as reduction in subvention outlays).

He placed emphasis on leveraging value addition, commercialising and monetising Botswana's local resources and endowments to provide significant enterprise and business opportunities.

DAY 2

PLENARY SESSION 1: OFFICIAL OPENING

WELCOMING REMARKS

HIS WORSHIP THE MAYOR OF THE CITY OF FRANCISTOWN, HONOURABLE GODISANG RADISIGO

In his welcoming remarks, His Worship the Mayor, Godisang Radisigo, expressed great pleasure in welcoming everyone to the official opening of the 17th National Business Conference. He pointed out that the conference is organized by Business Botswana in partnership with the Government of Botswana, through the Ministry of Trade and Industry; Debswana Diamond Company; FNB Botswana; and Botswana Ash. He highlighted that conference theme, "Invigorating Economic Transformation Through the Private Sector," promises to set the stage for transformative discussions and strategies with the private sector playing an active role in economic transformation.

The mayor took expressed gratitude to His Excellency, the President of the Republic of Botswana, Dr. Mokgweetsi Eric Keabetswe Masisi, for honouring the event with his presence and championing the economic transformation agenda, notably in positioning Botswana as a trade and investment hub and through the Meetings, Incentives, Conferences, and Events (MICE) strategy.

The mayor extended gratitude to Business Botswana President, Mr Neo Nwako for the unwavering support and commitment to Francistown's development and growth. He thanked Business Botswana for continuously championing this initiative, bringing together stakeholders to the beautiful city, since the first NBC in 1998.

Mayor Radisigo noted that Francistown was chosen as the venue for NBCs in 1988 due to its potential as a vibrant administrative and mining hub. He emphasized the city's strategic location, connecting Botswana to neighbouring countries, makes it an ideal setting for discussions on economic growth. He urged delegates to develop actionable strategies to benefit both the city and the nation. Despite facing economic challenges, especially due to mine closures, he commended the resilience and adaptability of the people in the northern regions, particularly in diversifying into agriculture.

The mayor underscored the role of Business Botswana in supporting local initiatives and highlighted the importance of including Small, Medium, and Micro Enterprises (SMMEs) in the discussions. He called on participants to explore Public-Private Partnership (PPP) projects to unlock investment opportunities and create jobs. Mayor Radisigo thanked Business Botswana for facilitating networking and collaboration opportunities, emphasizing the goal of achieving High-Income Status by 2036, as outlined in the national Vision 2036. He reinforced the need for a conducive environment for development, citing infrastructure, a skilled workforce, and a favourable economic climate.

In conclusion, he expressed optimism that the conference would yield productive discussions and resolutions that would advance the collective goals of all participants. He warmly welcomed everyone to the conference, wishing them fruitful deliberations.

OPENING REMARKS

MR NEO NWAKO, PRESIDENT, BUSINESS BOTSWANA

Mr Neo Nwako, President, Business Botswana expressed gratitude for the opportunity to offer the opening remarks at the 17th National Business Conference (NBC). He appreciated the conference theme, "Invigorating Economic Transformation through the Private Sector," and extended gratitude to delegates for their participation and rendering expertise on this theme.

He described hosting the conference in Francistown as strategic due to the region's abundant natural resources, skilled workforce, and strategic geographic positioning, and expressed confidence in the partnership with government, speakers, and delegates from various sectors to modernize and strengthen policy dialogue.

Recognizing the importance of developing new talent, Mr Nwako welcomed young future leaders from various sectors and disciplines. He acknowledged their capacity to challenge conventional thinking, share new ways of thinking, and inspire next generations of entrepreneurs to lead Botswana's transformational agenda. He highlighted the 'Young Executives Sessions on Digitalization and Leadership as important topics for private sector growth.

Business Botswana, he stated, was taking ownership of NBC actions and resolutions by implementing a digital platform for public monitoring of resolutions, every six months. He announced a partnership with the United States Embassy to develop the monitoring system or tool, ensuring an open and transparent process for accelerated implementation. The President also highlighted the development of a new five-year strategic plan aimed at nurturing an inward-looking, stakeholder-centric organisation to drive economic growth in Botswana. This plan will emphasise evidence-based policy research, technology adoption, cohesive partnerships, and robust value-added services. With newly crafted vision and mission statements, Business Botswana is committed to advocating for a private sector that plays a leading role in contributing to the country's GDP by creating opportunities that propel economic growth and job creation. Mr Nwako thanked sponsors and exhibitors for their support, reaffirming the collective pursuit of a private sector-led economy and embracing Botswana's challenge to reach high-income status by 2036.

He emphasized the importance of engaging the government as policymakers to shape the business environment and urged continued government support to grow and facilitate businesses beyond Botswana's borders. The President called for a deliberate effort to ensure functional public-private policy dialogue structures and coherent economic policies and strategies. He commended the Government of Botswana for consolidating efforts around the National Transformation Strategy (NTS) but suggested improvements to capture critical economic drivers. He acknowledged the urgency of addressing issues such as unemployment, poverty, inequality, slow economic diversification, and climate change. The President noted increasing frustration among members with regulatory systems, including over-regulation, non-compliance with Regulatory Impact Assessment (RIA), high compliance costs, and a lack of an efficient framework for the transport sector.

The President for Business Botswana emphasized that all these efforts call for concerted, collaborative, and consolidated action by both the private sector and the government. He appreciated the historically collaborative relationship with the Government of Botswana (GoB), noting that their partnership has gone beyond rhetoric over the years. This collaboration has yielded many positive results, such as the establishment of the Competition Authority, the Botswana Bureau of Standards (BOBS), the formulation of a Long-Term Vision for Botswana as a blueprint for national development, and the establishment of a Privatization Agency to enhance private sector participation in national development.

However, Mr Nwako expressed concern about the momentum towards a private sector-led economy, stressing the urgent need to grow impetus on this matter. Addressing concerns such as slow implementation of initiatives, inefficiencies in expenditures, rising perceptions of corruption, and a business environment that needs improvement is crucial. These issues frustrate economic growth, diversification, and the ambition for a high-income economy. Therefore, he reiterated the private sector's commitment to being a key advisor to the government and called for the operationalization and strengthening of agreed-upon public-private dialogue consultative structures, especially the HLCC and SHLCCs.

He acknowledged challenges within the private sector, such as initiatives delivered beyond agreed timelines, budgets, or with poor quality. The private sector is committed to reorganizing internally to ensure effectiveness, efficiency, and quality of work.

Returning to the theme of the conference, "Invigorating Economic Transformation Through the Private Sector," the President of Business Botswana highlighted the commitment to harnessing the untapped potential of the private sector while prioritizing environmental sustainability. He emphasized the need to foster business ideas that contribute positively to the shared future and looked forward to hearing from guest speakers and government officials on innovations and sustainable solutions to support private sector growth.

Mr. Nwako highlighted that several oral presentations and roundtable discussions will take place during the conference. Topics will include leadership, digitalization, export-led growth, value chain development, privatization, innovative public procurement, AfCFTA, and specialized sessions on health and education. In reassessing the business environment to make Botswana a better place for all who work, live, and do business remains imperative, Mr Nwako emphasized the need for smarter regulatory systems, better processes, and well-designed regulations to minimize business costs and unlock economic growth while improving public health and safety outcomes. He stressed the importance of enforcing Regulatory Impact Assessment (RIA).

The AfCFTA heralds a time for enhanced market access for Botswana, and the President for Business Botswana accepted the challenge of enhancing productivity to make Botswana's businesses competitive. He reaffirmed the readiness to walk with the government through the policy agenda. Mr Nwako reiterated the dedication to advocating for a business-friendly environment that fosters sustainable and lasting relationships among all stakeholders, both locally and nationally. He emphasized the continued partnership with Francistown leadership to amplify economic growth in the region.

In his concluding remarks, the President for Business Botswana invited all guests to stay longer and listen to the brilliant minds sharing their ideas on how to take the country forward. He welcomed everyone to the conference, highlighting the engaging lineup of topics and activities over the next few days. He also emphasised the opportunity to reaffirm the importance of gender parity and diversity in professions, research, and policymaking. He further urged all guests, delegates, and the public to embrace the opportunities presented by the conference to engage, connect, and broaden their business endeavours. He wished for the NBC to be a fruitful and enriching experience for everyone involved.

OFFICIAL OPENING REMARKS

MR. SLUMBER TSOGWANE, HIS HONOUR THE VICE PRESIDENT OF THE REPUBLIC OF BOTSWANA

On behalf of His Excellency the President of Botswana Dr. Mokgweetsi Eric Keabetswe Masisi, it was with great honour that the Vice President, His Honour Mr. Slumber Tsogwane, officiated the 17th National Business Conference (NBC). The Vice President began by highlighting that the distinguished audience at the conference represents individuals whose hard work and enthusiasm produce and distribute goods and services to meet daily needs.

The Vice President highlighted that the event had two primary objectives, namely.

- To bring together businesses from all sectors of the economy to advise the government on policies and strategies for creating a business-friendly environment.
- To provide a platform for businesses to network and form strategic alliances to optimise growth opportunities through innovative solutions.

He emphasized the importance of collective action in addressing the country's core developmental challenges and expressed gratitude for the regular occurrence of the National Business Conference since 1988. This, he noted, demonstrated the deliberative and consultative nature of policymaking in Botswana and the sustained dialogue between the government and the business community.

Every two years, the Vice President noted, the government and the business community gather in the beautiful City of Francistown to discuss and share ideas on fostering entrepreneurship, value-chain development, and embracing innovative business models for economic growth and wealth generation. He stressed that the gathering should be an opportunity for honest assessment rather than a blame game.

The Vice President acknowledged that business success leads to the upliftment of living standards through job creation, emphasizing the need for decent jobs, incomes, working conditions, and adherence to health and safety regulations. He cautioned that the Public-Private Dialogue (PPD) platform presented by the NBC should not be merely a talk-show but a deliberate engagement with measurable objectives and outcomes.

The government, he assured, is committed to keeping such platforms alive and ensuring they contribute meaningfully to the country's economic growth trajectory. He stressed that achieving high-income status as a nation would not be possible without the private sector's contribution, urging businesses to be transformative as they are viewed as the engine of economic growth and development.

The Vice President reiterated the government's unwavering commitment to the policy priority of "Business Environment Reform" to facilitate ease of doing business and create a conducive investment climate for sustainable higher growth, as outlined in the Second Transitional Development Plan (2023/24 to 2024/25). He noted that this year's National Business Conference comes at a time of global economic challenges, making structural economic reforms key to achieving significant economic growth. The theme for the conference, "Invigorating Economic Transformation through the Private Sector," was deemed appropriate as it aligns with Vision 2036, which envisions Botswana as a high-income country with an export-led economy driven by diversified, inclusive, and sustainable growth.

The Vice President emphasized that government alone cannot stimulate transformation without active private sector participation. He reaffirmed the government's commitment to supporting a private sector-led economy as indicated in the National Transformation Strategy (NTS). Success in all sectors identified in the NTS requires a vibrant, efficient, and competitive private sector.

He highlighted the importance of the private sector as a critical partner for policy implementation and inclusive growth, especially within the context of export development under the African Continental Free Trade Area (AfCFTA). The AfCFTA aims to create a single market for goods and services in Africa, promoting free movement of people, goods, and capital. Recognizing Botswana's limited internal market size, the Vice President mentioned steps taken to expand market opportunities through various regional and international trade agreements. He urged leveraging AfCFTA as a gateway to industrialization by enhancing manufacturing capacity and reducing reliance on the mining sector, particularly given the current challenges in the global diamond market. Summing up, the Vice President posed a question to the audience: "What kind of goods and services shall we be known for in the region, in Africa, and globally?"

The Vice President emphasized that enhancing Botswana's manufacturing capacity is crucial for reducing over-reliance on the mining sector, especially given the ongoing challenges in the global diamond market. He noted that lower consumer demand and global economic challenges have diminished the demand outlook for diamonds, leading to slower economic growth than anticipated during the 2024/25 Budget Session.

The Vice President expressed hope that the 17th National Business Conference would lead to a decisive shift towards an export-oriented, private sector-led economy through value chain development. He commended Business Botswana for supporting the citizen economic empowerment agenda and encouraged further support within the private sector to foster growth and graduation of SMMEs to large enterprises. He also emphasized the importance of Public-Private Partnerships (PPPs) in improving infrastructure and service delivery. He also highlighted the need to enhance competitiveness to achieve high-income status, referencing the Institute of Management Development (IMD) Competitiveness Report 2024, which ranked Botswana's competitiveness at 55th place out of 67 economies.

In the same breath, he highlighted that to achieve the high-income status that Botswana aspires to, there is a need to up the ante on issues of competitiveness, of which some are highlighted in the Institute of Management Development (IMD) Competitiveness Report 2024. The Vice President also highlighted that the government spending allocations and productivity-enhancing initiatives are important interventions that can enhance the growth of Botswana's economy. The private sector plays a major role in complementing the Government's efforts in the drive towards a high-income status, and thus it is an imperative for the mindset change drive.

On Botswana's outlook, the Vice President noted that in 2023, economic growth slowed to 3.3 percent due to reduced global demand for diamonds. Projections show that in the financial years, 2024 to 2026, economic activity will be between 3.5 to 4.0 percent, despite the International Monetary Fund (IMF) projecting less than 1 percent growth. This projected growth is anchored on expansionary fiscal policy and growth in the non-mining private sector. He acknowledged that external market forecasts, which are beyond Botswana's control, affect the domestic market and diamond sales from time to time. This compels swift action in implementing structural reforms to boost growth and job creation, including investment in STEM areas of human capital development, as well as reducing regulatory and trade barriers to facilitate investment.

The effects of these interventions will lead to reductions in poverty and inequality. The Government is committed to ensuring that this happens to attain high-income status by 2036. As this is a public-private sector policy dialogue conference, the Vice President urged attendees to use the opportunity to propose reviews in the regulatory environment and reforms aimed at creating a conducive business environment favourable for investment and fostering employment creation and sustainable livelihoods. In the advent of advanced utilization of technology, innovations such as Artificial Intelligence, FinTech, and Blockchains were highlighted.

As he concluded, the Vice President reiterated the Government's commitment to Business Botswana and other Business Associations as partners in economic transformation through implementing the resolutions of this year, past years, and future conferences. He was pleased that the public-private sector policy dialogue is still alive and operational. The Vice President reiterated that Government acknowledges and supports the private sector's efforts and stands with them. He advised Business Botswana to make this dialogue global in the future by inviting international companies to learn from the best.

The Vice President wished everyone productive deliberations and sustainable networks, and officially declared the 17th National Business Conference open.

Key takeaways from Vice President His Honour Mr Slumber Tsogwane's Opening Remarks

1. **Collective Action:** Emphasized the necessity of collaborative efforts to tackle Botswana's developmental challenges, highlighting ongoing dialogue since 1988.
2. **Business Impact:** Successful businesses improve living standards through job creation and adherence to health and safety standards.
3. **Constructive Dialogue:** Encouraged participants to focus on honest assessments rather than blame, fostering a collaborative atmosphere.
4. **Private Sector Commitment:** Stressed that government transformation efforts require active private sector participation to achieve high-income status.
5. **Policy Focus:** Reinforced the commitment to "Business Environment Reform" to enhance the ease of doing business, aligned with national development plans.
6. **Global Context:** Recognized ongoing global economic challenges, underscoring the need for structural reforms for growth.

7. Leveraging AfCFTA: Urged businesses to utilize the African Continental Free Trade Area (AfCFTA) to boost industrialization and reduce reliance on mining.
8. Export Growth: Called for a focus on export-oriented growth through value chain development, questioning Botswana's international market identity.
9. Competitiveness Improvement: Highlighted the need for enhanced competitiveness, referencing Botswana's ranking in the IMD Competitiveness Report.
10. Economic Projections: Acknowledged a slowdown in economic growth linked to diamond demand, with projections of 3.5% to 4.0% growth from 2024 to 2026.
11. Human Capital Investment: Advocated for investments in STEM education and reduced regulatory barriers to foster growth and job creation.
12. Adopting Technology: Encouraged the adoption of advanced technologies like AI and FinTech to enhance productivity.
13. Global Engagement: Suggested expanding dialogue to include international companies for broader insights and best practices.
14. Commitment to Collaboration: Reiterated the government's support for public-private partnerships and the implementation of conference resolutions for sustainable growth.

FIRST KEYNOTE ADDRESS

MS. RAZIA KHAN, CHIEF ECONOMIST AND HEAD OF RESEARCH MIDDLE EAST AND AFRICA, STANDARD CHARTERED BANK

Ms Razia Khan, presenting through a virtual platform, underscored the importance of the National Business Conference. In her address, she highlighted the NBCs role in holding conversations about boosting the role of the private sector and implementing reforms to achieve the needed economic transformation. Her presentation began by focusing on the global economic outlook, acknowledging the challenges ahead and their impact on Botswana, particularly the diamond industry. Botswana's recent GDP performance influenced the mining sector, has not faced such challenges since the global financial crisis, raising concerns about navigating potentially turbulent times.

Ms Khan provided context on the global economy, explaining the imperative for a stronger focus on private sector development in Botswana. She drew lessons from other countries, and commended Botswana's historical record of economic growth, conservative fiscal policy, and prudent savings of revenue windfalls, which had previously served the economy well. However, opined that current challenges require a new mindset. She encouraged attendees to avoid a doom-and-gloom perspective and instead envision Botswana's future post-economic transformation.

She explained the complexities of monetary policy cycles and recent market reactions to labour market data revisions in the US, raising questions about the true strength of the US economy. She broadened the discussion to highlight the challenges for Botswana's economy, emphasizing the potential for a Goldilocks scenario amid elevated inflation in developed markets. Ms. Khan noted the aggressive interest rate hikes by policymakers in response to inflation and the impact of significant deficit expenditure by the Biden administration on the US economy. She discussed the belief in markets that a soft landing could be achieved through aggressive interest rate cuts, which historically have influenced the diamond market and Botswana's economic prospects.

However, she cautioned that things rarely go as smoothly as assumed and emphasized the importance of understanding whether the current challenges in the diamond market are cyclical or indicative of a deeper structural threat. She highlighted the persistent threat of lab-grown diamonds and the need for accelerated economic diversification in Botswana. Ms. Khan also addressed geopolitical tensions and the structural slowdown in China, which have changed perceptions of growth potential in emerging markets. She noted concerns about China's overinvestment in its property sector and the impact on consumers, drawing parallels to the challenges faced by Botswana.

In recent times, there have been increasing concerns about the extent to which China over-invested in its property sector, the bursting of the real estate bubble, and the impact on consumers in China. The greater sense of caution and the decline in demand for luxury items in China are also important drivers of the diamond market. Ms. Khan acknowledged the recent pressures on Botswana's economy, noting its history as one of the fastest rising economies in the decades leading up to the early 2000s, driven by diamond wealth and judicious use of resources. She emphasized that times are changing, and the factors that drove past economic growth may not be sufficient for future aspirations.

Economists talk about the middle-income trap, where economies plateau in growth once they reach middle-income status. Botswana fits this model, having reached a point where the old model of conservative use of diamond-related surplus and government spending is no longer enough.

Ms. Khan highlighted the global economic uncertainties, including China's structural constraints, the potential for a US hard landing, and political risks from the US Presidential election. She noted that Botswana faces additional challenges due to structural shifts in the diamond market, requiring a new economic model and mindset. She acknowledged that Botswana is not alone in grappling with economic diversification, drawing parallels with resource-rich economies in the Middle East. These countries are racing to diversify their economies ahead of the climate transition, which could fundamentally shift global oil demand. Botswana, with its geographic disadvantages and small economy, faces even more profound challenges.

Nonetheless, Khan identified low-hanging fruit that needs to be tackled. She emphasised the need for a new economic model, moving from an allocation economy dependent on government spending to a productive economy driven by the private sector. The challenges of the future and the depletion of the diamond surplus built up during the COVID-19 crisis necessitate accelerated change. She discussed Botswana's experience with privatisation, suggesting that boosting the privatisation agenda and moving quickly on state-owned enterprises could benefit from a private sector mindset. This has been a requested reform for a long time, but economic pressure is now driving the need for accelerated transformation.

Khan emphasised the urgency for reform and the need to create a future that is meaningfully different from the past. Botswana has been fortunate to have one of the best-run economies in Africa, but this should not blind the country to the challenges ahead. The current pressures on the trade balance and diamond sales should be the impetus to move faster with reform, dismantling barriers to private sector activity and growth. She stressed that a real mindset change is required, challenging Botswana's private sector to become more independent and competitive. The private sector must contribute to growth and tax revenue generation. Ms Khan hoped this would inform the debate on the necessary reforms to unlock growth potential, recognizing the urgency and learning from the experiences of other countries.

In conclusion, she called for a creation of a future where Botswana's private sector can thrive independently, driving economic growth and diversification. She encouraged robust discussions during the 17th NBC to identify and implement the necessary reforms for Botswana's economic transformation.

TOURING OF STALLS

Several companies exhibited their products and services at the 17th National Business Conference. To view these exhibits, a touring of stalls was conducted. During the touring of stalls, the Vice President, led by the President of Business Botswana, marked the conclusion of the official visit by the Vice President.

The objectives of the tour were to showcase the diverse range of products and services offered by local and international companies, foster business connections, and highlight the innovative capabilities within Botswana's private sector. This tour aimed to encourage investment, promote local businesses, and demonstrate the potential for economic growth and development through private sector initiatives. By engaging directly with exhibitors, the tour sought to inspire confidence in Botswana's market, and reinforce commitment to achieving the nation's economic goals.

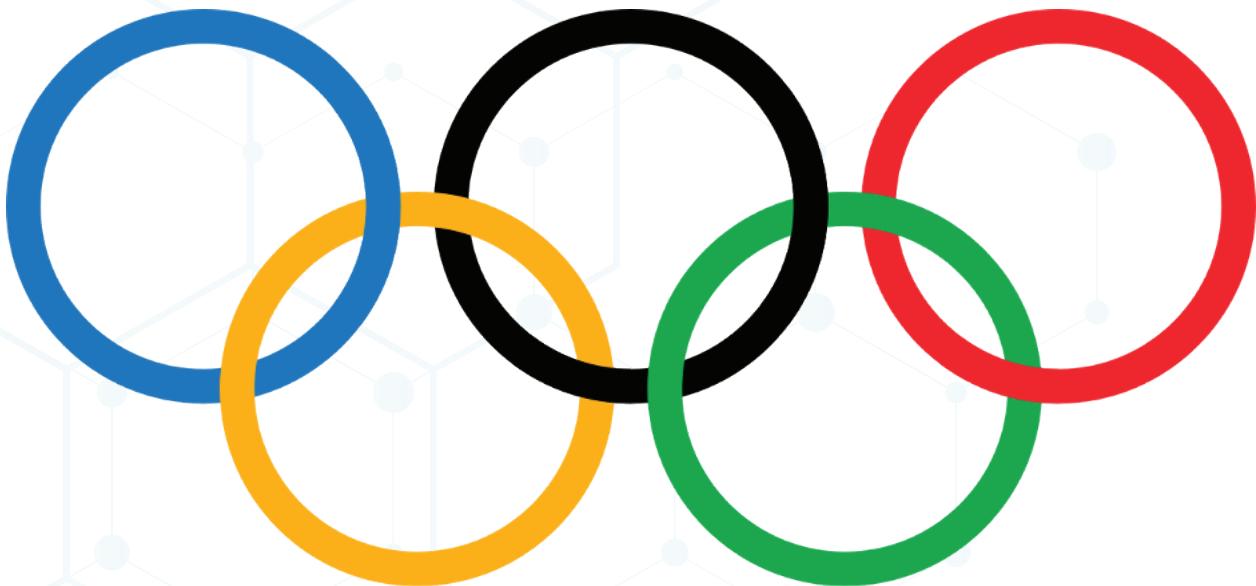
SECOND KEYNOTE ADDRESS

ESTHER LUONGO PSARAKIS

MANAGING DIRECTOR

FOODPRENEUR

In unpacking the theme, in her discourse on fostering economic transformation in Botswana, Esther Luongo Psarakis emphasised the vital role of various stakeholders, including the public, educational institutions, international partners, and the private sector. She referred to this collective effort as "Team Botswana," illustrating how these entities work together to revitalise the economy for the benefit of all citizens. She specifically called for tapping into the potential of youth, empowering women, and harnessing the wisdom and experience of Batswana elders. As she noted, "Old dogs teach new tricks," highlighting the need for a forward-looking mindset. Utilising the Olympic rings as a symbol (see, Figure 1), she encouraged this multifaceted approach to collaboration and urged participants to view this success as a relay, where they pass the baton of advancement to future generations.



The speaker acknowledged Botswana's rich natural resources, specifically its diamonds, but warned against over-reliance on them for economic stability. Instead, she urged the cultivation of human resources and the intellectual potential of its citizens to foster long-term prosperity. The call to action included a shift towards a knowledge-based economy, leveraging technology and innovation to create sustainable growth. Additionally, she highlighted the critical role of mentorship in driving economic change, quoting Lao Tzu: "Give a man a fish and you feed him for a day. Teach him how to fish and you feed him for a lifetime." Botswana's ban on imported vegetables exemplifies this principle, as it has encouraged local production, empowering citizens to cultivate their own food and fostering self-sufficiency. She noted that necessity drives innovation, advocating for increased investment in agricultural technology to bolster local production.

Luongo Psarakis also pointed out the necessity for a fundamental shift in mindset, urging that adaptation to new ways of thinking is essential for economic transformation. She further reinforced the importance of the '3 Ps' framework—Public, Private, and Partnership—arguing that these elements are vital for driving progress and achieving prosperity for the people of Botswana. Additionally, she stressed the significance of establishing a pipeline for implementation that fosters progress, productivity, prosperity, positivity, power, and perspectives.

Luongo Psarakis encouraged Botswana to draw inspiration from successful international initiatives, including Cape Verde Digital's project (<https://www.digital.cv/>), Togo's Public-Private Partnership with ARISE for integrated industrial platforms (<https://pia-togo.com/>), and Israel's Innovation Experience 360 in AgricTech, MedTech and entrepreneurship Immersion experiences (<https://www.innovationexperience.org/>). The speaker pointed out that the Togo and Cape Verde cases illustrated the power of public-private partnerships in addressing unemployment and fostering economic growth. To facilitate Botswana's transformation, she suggested some of the USA supportive organizations, which she refers as tactical and practical mindset changers. She suggested organisations such as the NJSBDC at Rutgers University-Newark, Rising Tide Capital, SCORE, and KIVA, which focus on business development.

She also reflected on the African Growth and Opportunity Act (AGOA), emphasizing that Botswana has underutilized this opportunity, which is set to expire in September 2025. She urged the nation to advocate for its extension, highlighting its potential for export expansion and training benefits. Praising Botswana as a model of solution-driven success, she noted its effective management of health-related pandemics like HIV/AIDS, Foot and Mouth disease and COVID-19, asserting that a change in mindset could lead to further achievements. In conclusion, she underscored the importance of consistently implementing transformative processes and recognized Business Botswana as a key player in driving this change.

From Esther Luongo Psarakis's discourse on fostering economic transformation in Botswana, several key insights are as follows:

1. **Collective Action and Empowerment:** The need to foster collaboration among public, private, and educational sectors, alongside international partners, to create a unified strategy for economic revitalization. This multi-stakeholder approach will ensure that benefits are widely distributed among citizens, particularly engage youth and women.
2. **Diversification Beyond Diamonds:** Reduce the economy's over-reliance on diamonds by investing in human resources and intellectual capital.
3. **Mentorship as a catalyst for change:** The ban on imported vegetables is an example of mentorship programs in Botswana that empower farmers to support local production initiatives with intended goal for food security and self-sufficiency.
4. **Mindset shift for economic transformation:** The need for a cultural shift toward embracing new ways of thinking and problem-solving.

8. Leveraging AGOA for economic growth: Maximize the potential of the African Growth and Opportunity Act (AGOA) to enhance Botswana's export capabilities. The need to advocate for the extension of AGOA and develop strategies to fully utilize its benefits for training and market access cannot be overemphasised.

9. Continuous transformative processes and the role of Business Botswana: Emphasise the importance of ongoing implementation of transformative strategies. Business Botswana to play a pivotal role in facilitating and monitoring economic change.

PLENARY SESSION 2: EFFECTIVE DIGITAL TRANSFORMATION TOWARDS A PRIVATE SECTOR-LED ECONOMY

OVERVIEW

An often-held idea is that technology gives countries the needed boost to leapfrog and drive economic development, essentially to bypass some hurdles in the economic growth path towards higher growth. Digital transformation is one such instrument that enhances implementation, productivity, and the business environment. This session allowed Botswana's young executives (aged 18-35 years) to share their perspectives on how digital transformation influences the transition to a private sector-led economy. It also discusses how the digital revolution can enhance the private sector's role. The session granted an opportunity to young executives to share their views on aspects of digital transformation including, but not restricted to:

- Rethinking Botswana's innovation ecosystems towards leapfrogging
- Measures for innovative infrastructure financing
- Agility towards addressing emerging ICT needs, e.g. cybersecurity, data protection, artificial intelligence, etc.
- Innovative measures towards digital inclusivity
- The business environment to enhance digital transformation.
- Strategies for effective implementation and innovation of digital transformation.

To begin the session, the chair, and panellists, each bringing a wealth of experience and insights (see, Volume 3 of the report for their detailed profiles), guided the discussion on this important topic. They are as follows:

Chair: Ms Carol Phirie, Director, SME Factory Head of Operations, EOH Consulting

Roundtable Panelists:

- 1. Ms Marang Mbaakanyi, CEO, Drones for Africa**
- 2. Mr Motheo Monti Kgengwenyane, CEO, GreyEd - Virtual**
- 3. Mr Kago Rendoh, Principal Analyst, Data Science & AI, Debswana**
- 4. Mr Thabo Malete, Technical Test Analyst, FNB Botswana**

INTRODUCTION

To kickstart the session, Ms Phirie highlighted that the session would focus on honest conversations on how we can drive effective digital transformation towards a private sector-led economy. Digital transformation is not just a concept, but a way of ensuring that we can use it as a platform to really transform our economy. The moderator also emphasized that the first session of NBC talked about all the challenges that the economy faces, so now the session on digital transformation will focus on solutions, proving that digital transformation is a solution to some of the country's economic challenges. Ms Phirie proceeded by introducing her panellists and emphasized that the panel consists of young, experienced professionals. Ms Phirie further highlighted that the His Honour, the Vice President of Botswana, Mr Slumber Tsogwane, in his opening remarks talked about the next NBC bringing on board more international private sector players, but it is worth noting that Botswana has a lot of home-grown talent that we should focus on, referring to the panellists in the session.

ROUNDTABLE DISCUSSIONS

How can Botswana leverage Digital Transformation, and what changes need to be made?

Ms Mbaakanyi started the conversation by conducting an experiment where she asked the audience, who had installed the application used for the NBC, called WHOVA, and is fully utilizing it. Only a few people alluded to using WHOVA. This shows that in most cases digital platforms and technologies are available, but the digital technologies are not fully utilised in Botswana. There is a huge gap between what has been made available and what is being utilised. She highlighted that there is a fibre network that spreads across the country, and this is a capacity that could connect an entire country such as France, yet we are not using it to its full potential. When considering drones which is Ms Mbaakanyi's speciality, she indicated that they have introduced drones to measure farmland, to assist farmers with finding their lost livestock, and spraying crops.

Drones are not only relevant in the farming sector but across other sectors as well. However, in terms of usage, Botswana is not fully optimizing the resources that it has. Ms Mbaakanyi voiced need to foster a culture that embraces these innovations ensuring that they are fully integrated into our daily lives and businesses, only then can we unlock the true potential of digital transformation in our country.

What is the solution for the lack of utilization of digital tools?

Mr. Rendoh emphasised the necessity for Botswana to engage in introspection. He noted that the country has made significant strides from its status as one of the poorest nations globally. The discovery of diamonds catalysed Botswana's economic transformation over the past 55 years, and many citizens are products of this diamond wealth. Mr. Rendoh urged Batswana to appreciate this God-given resource and use it as a springboard for future growth. He acknowledged the current challenges facing the diamond market, suggesting that these issues present an opportunity for the country to retool. Additionally, he highlighted the importance of addressing gaps in digital infrastructure, emphasizing that improving coverage nationwide is critical for identifying effective solutions.

Mr Rendoh further highlighted that e-governance platforms give Botswana a big opportunity, as they enable service delivery such as applying for identity cards or passport from home, eliminating the need to spend hours in long queues. He indicated that startups and technology-based companies need to be supported to provide solutions for effective service delivery. He voiced that tool such as AgriTech could help in getting the good programs that the Government formulates to their intended beneficiaries. He emphasized the importance of supporting startups and technology-based companies to develop solutions for effective service delivery. He mentioned that tools like AgriTech could help ensure that government programs reach their intended beneficiaries. He further stressed the need for digital transformation solutions, which can assist farmers in determining where to plant seeds and monitoring temperatures using sensors. He concluded by stating that it is essential for the country to innovate collaboratively.

In your view, do we have enough infrastructure to enable the digital transformation that we aspire to see in 2036?

Mr. Kgengwenyane highlighted that Botswana has the digital infrastructure and has done very well in laying down internet connectivity for everyone. However, he emphasized the importance of being intentional about what is said and done as a country. While schemes can be put in place to support digital transformation, it is crucial to be deliberate about assisting startups. Mr. Kgengwenyane provided the example of Chile, where the country opened its borders and intentionally set up an ecosystem for startups to thrive. They created a fund and invited great entrepreneurs from around the world to come and set up in Chile. This initiative, established in 2010, created 15,000 jobs and generated over 1 billion dollars in revenue within eight years. This demonstrates that intentional support for startups can yield significant results. He emphasized that while the technological infrastructure is in place, policies and regulations must also consider and include startups to ensure their success.

The public sector has availed the infrastructure, so in ensuring long-term sustainability and growth what role does the private sector need to play in ensuring digital transformation and the joint system ability?

Mr Malete highlighted that the public sector has really invested a lot of money in terms of digital infrastructure such as internet services. Since the private sector is profit-driven, its role is to expand its businesses and take out services to the digital world. Mr Malete further highlighted that the role of the private sector is to continue to invest as well, and nurture PPPs. He noted that the private sector is already contributing substantially to digital infrastructure, and government must allow it to participate fully, as this will benefit SMEs and startups. Government needs to make sure that they put the right regulations in place and have data centres that would create a conducive environment for startups.

What Policy reform opportunities exist to enable Botswana to fully benefit from a digitally enabled and innovative environment?

Ms Mbaakanyi highlighted that policy, and regulations should be a catalyst of progress, not a barrier. When NBFIRA formalized the industry, they made sure that they took the small loan sharks through the process which is how it should be done. Ms Mbaakanyi voiced that when the government introduces new regulations and policies, they should consider what is on the ground already, then engage with entrepreneurs and innovators to see what their needs are. Botswana needs to make sure that the regulations and policies do not hinder the growth of businesses but help them progress.

To what extent do you feel digital transformation as an initiative and solution to driving private sector growth, is inclusive for all Batswana to participate in the entire ecosystem?

Mr. Rendoh emphasised that the digital divide in Botswana is glaring, with some people lacking smartphones to interact with digital solutions, even when a connection is available. He highlighted several initiatives that the government could undertake to make digital transformation more inclusive:

- Set up smart hubs across the country: These hubs would allow individuals without smartphones to access digital solutions.
- Ensure mobile networks reach all areas: Currently, Botswana's network coverage is mainly concentrated in larger settlements. Expanding coverage to more remote areas is essential.
- Use satellites for better connectivity: Leveraging satellite technology can improve connectivity in underserved region.

Mr Rendoh further emphasised that infrastructure is very vital for inclusivity to ensure that everyone across the nation can participate in digital transformation. Data and internet literacy is also very important, there is a need to educate people on issues of developing data solutions, because if Batswana are not educated on these issues, then any efforts to spur digital transformation will be futile. He gave an example of how Debswana ensures that its employees are brought along the journey of digital transformation, and when new solutions are brought in employees understand the purpose of data, and how they can leverage from it.

Mr Malete mentioned that there are a lot of silos in our economy, government departments and private sector don't work together. The country could benefit from having open-source conversations because we all use open-source technologies, but we are mostly consumers, and the culture that we need is to be change makers and contribute more to open source as this will invigorate digital transformation. This will also give startup engineers the resources to play around with data and see how a solution can be improved. Mr Malete voiced that an economy that has a lot of secrecy doesn't grow very quickly. Botswana can learn from places like China and California where they thrive on collaboration. Most of the blue-chip technologies (i.e ChatGPT) are open-source technology, and you don't have to hide a lot of implementations or tools behind firewalls to ensure their value. The value is determined by the ecosystem, then the more we grow the ecosystems the more value we can extract.

Mr Kgengwenyane further emphasized that the country has a lot to unlearn because the economy structure is that the private sector would rely on the government for their profits, so there is a need to unlearn that behavior. This means Botswana must collaborate within the private sector, and also outside the country because the economy's customer base is quite small. Currently the collaboration is not there in the country. Mr Kgengwenyane explained how GreyEd (his company), at inception he went to all the key decision makers in the ministry and Universities pitching their AI solution to the education sector. He highlights that he presented a proposal, and they were rejected, but because he is also based in the UK, he got in contact with one of the universities there and they established a partnership with one of the major universities in the UK, so they are implementing the program in UK now instead of Botswana. He further highlighted that the appetite and hunger for collaboration and innovation is not present in Botswana, the country speaks about it, but we don't act on it. Botswana is a big product of globalization meaning that we go outside and partner outside the country, then bring the technology back home and that is the technology we consume instead of consuming the technology we have built locally.

Where does one start as an enterprise, where do I start solutioning for a better Botswana to close the digital divide?

Ms Mbakanyi mentioned that there are several strategies that an enterprise could implement.

- Define your objectives and the vision of your company so that when you bring anything on board you know it is aligned with the vision of the company.
- Develop a roadmap for your vision and embrace capacity building, because most of the time enterprises miss the part of the human aspect, which can make or break the company's success. An enterprise can put all the best software in place, but workers would not use them, because they are not capacitated on these technologies.
- Change management is also important because once you put in new systems you need to keep assessing and seeing whether there is change, if it's not there you need to go back and see where to improve and start the process again.

Mr Kgengwenyane also mentioned a few strategies that include the following:

- Botswana needs cultural change in terms of how we view failure. In Botswana, when you fail, you are labelled negatively. This makes Batswana afraid to start new initiatives and make new decisions that are quite risky.

- The introduction of incentives such as failure awards to reward people who took the biggest risk is crucial. This would encourage people to take risks.

QUESTION AND ANSWER SESSION

As the session unfolded, the audience engaged actively, posing a variety of insightful questions to the panellists. This interactive dialogue not only enriched the discussion but also highlighted the diverse perspectives on digital transformation and its impact on Botswana's economy. The panellists collectively addressed these questions, offering their expertise and insights to illuminate key themes and considerations. The questions posed by the audience and the panellists' collective responses are as follows:

What is the role of government in either enabling or disabling a conducive environment for effective digital transformation? Where do we see the gaps?

From the panellist's perspective, fostering an enabling environment for startups and tech companies it begins at the policy level. It is therefore important that the public sector works closely with the private sector. Often, the private sector is at the forefront of technological advancements, possessing a deep understanding of trends in areas such as fintech, blockchain or artificial intelligence (AI). Many private companies are exploring the potential of AI and seeking ways to leverage it effectively. It is therefore important to harness these innovative ideas through collaboration with the public sector, ensuring that the right policies are established support the growth and success of startups and tech companies.

In some African countries digital solutions are taxed heavily and this may be the reason for low uptake? Is this a challenge for Botswana as well?

In response to the question, from the panellists emphasized that the Government must engage closely with tech companies to understand where they could provide rebates in terms of the services they offer. For instance, there might be potential rebates for exporting services outside the country. It is crucial that policies are developed through meaningful dialogue with both the public and private sectors, ensuring that all stakeholders have a voice in the process.

In terms of generational shift, what is Botswana doing about the primary level education children being introduced to coding, robotics from the school and giving them platforms to have competitions and create new ideas?

In response to the question regarding generational shifts in education, the panellists highlighted that the Ministry of Technology has recently engaged with various tech companies, curriculum developers, the Human Resource Development Council (HRDC) and BQA. They noted the critical need to revise the curriculum starting from the degree level to foster growth in digital transformation in Botswana. The panellists expressed concern that there is currently a lack of urgency in implementing digital transformation initiatives across the country.

They emphasised that a culture change is essential, advocating for the establishment of a culture of innovation within Botswana. Building this culture requires a shift toward valuing skills relevant to the digital landscape and fourth Industrial Revolution (4IR) technologies, supported by appropriate infrastructure, education and training.

Furthermore, the panellists pointed out that the education system often rejects new ideas, reflecting government's resistance to change. They acknowledged that Schools' leaders and the teachers are eager for new innovative tools and are particularly interested in integrating AI in the education sector. Therefore, the panellists urged the Government to align its sense of urgency with that of educators who are keen to adopt innovative solutions in the education sector.

Comments from the Floor

- Digital Transformation is a tool, it is a means to an end. It is used to achieve something. As Batswana we are out of touch with the purpose for technology and the purpose of digital transformation and that is why there's a very low uptake.
- There is low literacy about digital transformation because we don't really see the value of it. As Batswana we are holding back on the responsibility for implementing digital transformation. It seems like we are waiting for somebody else to make it popular to us. But that's our responsibility that we need to really start acting on. The need to focus on education and initiatives that will push that ideology forward was emphasised.

The summary of the Deliberations and the Associated Conclusions and Recommendations are as follows.

- Embed some urgency in all existing the nationwide digital transformation initiatives.
- Government to embrace ideas from Batswana to avoid (or minimize) brain drain.
- Embrace a cultural shift that recognizes the validity of digital consultations as much as physical consultations at medical facilities are recognized.
- The role of Government in enabling digital transformation in the country has to be clear-cut so as to increase the uptake of digital innovation and technology in the country.
- Develop enabling infrastructure that allows all Batswana to be included in the digital transformation initiatives.

BREAKAWAY SESSION 3

SESSION 3A: JUNIOR EXECUTIVE SESSION: LEADERSHIP PERSPECTIVES TOWARDS A PRIVATE SECTOR LED ECONOMY

OVERVIEW

The parallel session addressed the critical role played by leadership in realising a private sector-led economy based on the perspectives of some of Botswana's Junior Executives. The session explored ways to rethink approaches to public and private leadership in corporate governance, technology adoption, innovation, and other imperatives for a private sector-led economy. The session was both about the type of leadership perspectives needed to transform the economic landscape of the country and the type of mindsets required to transform Botswana into a private, export-led, diversified economy.

To begin the session, the chair, and panellists, each bringing a wealth of experience and insight (see, Volume 3 of the report for their detailed profiles), guided the discussion on this important topic. They are as follows.

Chair: Mr Kagiso Elton Mpa (CEO, Seriti Insights)

Roundtable Panellists:

Ms Renee Ditirwa, Business Operations Analyst, FNB Botswana

Mr Mthabisi Bokete, Managing Director, Digital Natives

Ms Katlego Mokgethi, Executive Director, Market Players

ROUNDTABLE DISCUSSIONS

During the discussion, several questions were directed to each panellist, who responded thoughtfully to provide valuable insights on the subject. Below are the questions posed and the corresponding responses from the panellists:

Botswana is aspiring to transition from an upper middle-income economy to a high-income, private sector-led economy. In this context, what does transformative leadership mean for the nation?

Ms Renee Ditirwa emphasised that transformative leadership involves both leading and being led. She stated that transformation begins in the mind and involves embracing changes without perceiving them as threats. It also includes boldness in decision-making, and listening and learning from those that one is leading.

Ms Katlego Mokgethi articulated that transformative leadership is rooted in servant leadership that inspires hope and with servant leadership, all ecosystem players will be motivated to be of service to move the country forward. According to her, a transformative leader has no fear of being held accountable. Servant leadership also involves picking up the best on merit, empowering them, upskilling them and resourcing them to bring the desired results that will benefit the country.

Mr Mthabisi Bokete highlighted the importance of research in leadership, asserting that setting up a private-sector research fund to support research and development to guide leaders in developing progressive and impactful solutions is very crucial. He noted that Botswana is known for its good policies that other countries come to benchmark and implement yet still struggling with implementation. Mr Bokete emphasised that if the policies are based on research conducted locally, and if Botswana owns the research and the intellectual property, there is a lot the country stands to benefit from it in the long run. He encouraged the leaders should not be intimidated by change or technology, clarifying that technology is not limited to digital tools, rather it encompasses every little effort that improves efficiency. Therefore, he asserted that leaders need to embrace technology.

Discuss the role that leaders in the private sector can play in cultivating innovation that will transform the Botswana economy into a private sector-led economy.

Ms Ditirwa emphasised the importance of creating support systems for startups, investing in R&D and collaboration is very crucial. She noted that the private sector follows market movements, relies on data and they also

produce valuable data. Furthermore, she highlighted that the private sector understands the need for a certain product before they come up with products. It is always important to have clear strategies which will inform the kind of products and services that will appeal to Batswana as preferences can vary widely. For example, in the agriculture sector, farmers often complain about lost cattle. In this case, the private sector can develop a product or service that will help the farmers track their livestock. Ms Ditirwa pointed out that solutions should be able to link those with capital and those with the willingness to venture in different sectors. In the tourism sector, she suggested that offering virtual tours to tourists before they visit Botswana, could attract interest in what Botswana has to offer, instead of focusing on products from outside.

She further argued for a shift from viewing government as a service provider but as a platform with systems that operate beyond the traditional working hours. This approach will move away from the one-size-fits-all mode, enabling personalised solutions.

Ms Mokgethi stated that leadership that will lead to innovation listens more, not only to tick boxes but also to uptake. She identified implementation as Botswana's main challenge. For innovation to take place, she suggested that there should be uptake of solutions provided and support those coming up with solutions. She further noted that in every institution, there's always that typically individual who thinks outside the box, and it is the leader's role to identify and nurture that talent effectively.

Mr Bokete asserted that leaders should not fear making decisions and must remain open to new ideas. He emphasised that while there are so many ways to say no to new ideas, it should be easy to say yes than no if leaders are decisive. He urged those in leadership to normalise the practice of providing constructive feedback and offering detailed explanations for rejecting ideas as this will help grow and motivate the developers. He stressed that the biggest challenge with government is bureaucracy and centralised decision-making which stifle the growth of the private sector.

How do we find a balance between the private sector and funding?

Ms Mokgethi stated that the country's main challenge is Policies and Acts. For, example, a startup Act could incorporate giving a stipend to innovators while they are in the process of innovating to allow them some level of liquidity. She emphasised that the government

If it remains difficult to allow international companies to work with local companies, it will be difficult to move to a private sector-led economy. Ms Mokgethi pointed out that there are funds available from international institutions and companies outside Botswana, but the main hindrance to accessing the funds is public institutions that act as the middlemen. Bureaucracy and lack of urgency from the government institutions lead to investors' frustration, causing them to take their money elsewhere. She stressed the importance of having platforms that facilitate the flow of funds with minimal government intervention.

Additionally, **Ms Mokgethi** argued that the Government doesn't need to fund start-ups but should facilitate them by providing a conducive policy environment, a stipend during innovation process, methods for de-risking and facilitating access to external funds. She noted that innovation requires substantial financial resources, which the government does not possess and is not designed to invest in innovation. For example, Botswana has 3,000 hours of sunshine a year that remains unharvested because everyone expects the government's assistance.

Mr Bokete highlighted that policies and regulations remain a hindrance to businesses. While pinpointing specific policies needing revision is challenging, experiences show how these policies can disadvantage innovators or business start-ups. For instance, when he attempted to create Prevest, a financial modelling platform that allows citizens to own 5% of all economic activity in the country via mobile phones. He indicated that several institutions including, NBFIRA and BOCRA halted progress because they attempted to fit the idea into the non-existent framework, classifying it as micro-lending, investment, or crowdfunding. Mr Bokete emphasised that the Government should engage relevant stakeholders in developing regulations when for innovations, instead of trying to use existing frameworks that do not fully address emerging needs.

Ms Ditirwa emphasised that Botswana can learn a great deal from other countries. For instance, lessons from Singapore regarding private-sector tax breaks. Additionally, learning from Asian cultures emphasized the importance of working collectively with the private sector, and fostering strong collaborations before seeking external partnerships. Ms Ditirwa also pointed out the need to reward innovation and questioned how willing the Government is to collaborate with the private sector to develop infrastructure. She noted that the private sector has the relevant expertise and funds, and together with the Government, Botswana can transform into a private sector-led economy. Furthermore, significant skills development is required to transform the economy, and when the government and private sector work together, they can effectively guide investment in the necessary skills.

Discuss issues of privatisation, competition, and regulation for a private sector-led economy

Mr Bokete suggested that sometimes there is no need to privatise Government entities but there is a need to allow private sector entry into sectors that are currently monopolised by Government entities to boost competition. He indicated that the government has been the “father” for a long time, and it is time for the private sector as a “child” to grow up and take care of the “parent”. He also stated that the government was not designed to make a profit and be efficient, but its role should be to take care of the poor while the private sector on the other side creates connected platforms to finance, build networks, produce, and export and grow the economy.

Ms Mokgethi observed that there is a significant dependence on the Government, which has fostered an entitlement mindset. She noted that the private sector often blames the Government and focuses on what the Government should do for them, but rarely introspects to address its own inefficiencies as the private sector. Ms Mokgethi pointed out that the private sector is fixated on what is lacking, rather than leveraging existing resources. She emphasised the need for a mindset change, encouraging it to look at what is available and how best to utilise it.

Reflect on how regulation can be balanced to allow consumer protection, for businesses to operate within set legal boundaries and allow young minds to innovate for a private sector-led economy.

Ms Ditirwa noted that companies in Botswana currently lack a risk appetite, and the regulations are not as accommodating of new ideas. She emphasised the importance of the private sector to adopt sandboxes, which are a safe testing ground where companies can test ideas and products in a more relaxed environment.

Mr Bokete: Companies should have sandbox policies and strategies and outline the regulatory requirements. Additionally, there should be investment and commercialisation of research in Botswana and there should be incentives for researchers to come up with solutions. The country is currently underutilising the existing intelligence endowment, and it is exporting most of it with little benefit for the country.

Discussion on innovation, transformation, and inclusion for private sector-led growth:

Ms Mokgethi: The private sector and the public sector have done very well in terms of women's inclusion. However, more can be done in terms of tapping into youth talent, especially in the private sector. It is time to see youth in leadership positions and lead the implementation of several programs. There is also a need for business environment reforms because sometimes people do not accord youth positions of leadership because they are protecting their jobs and interests. The business environment should speed the rate at which employees grow and actualise so that they don't block entry for other fresh minds. The private sector also should be given re-investment quotas in the local economy.

Mr Bokete: For the impact and to transform to a private sector-led economy there should be fast decision-making, sandboxing policies, a consensus around regulatory authorities to facilitate businesses for innovation, and flexible and diversified funding models catering for all business sizes.

Ms Ditirwa: There is a foundation that needs to be laid in terms of innovation since innovation is not only about coming up with ideas but also has an aspect of culture. It has to be accommodated and changed if need be. Furthermore, the private sector needs to be curious and alert to what is happening in the market so that they come up with timely solutions. She also highlighted the importance of monitoring and evaluation.

Questions and Comments from the audience

Delegates commended BB for the junior executive sessions to allow young people to share their fresh refreshing ideas and game-changing solutions. They were informed that as part of the Business Botswana strategy there will be a deliberate intervention happening in the not-so-distant future and several fora will be held including the youth forum.

The delegates also suggested that BDIH as an overarching agency when it comes to issues of technology and innovation should arrange dialogues for youth and understand which policies, acts and strategies frustrate them and come up with solutions on how they can be assisted better.

The other comment was on how the country is underutilizing intelligence and ends up losing it to other countries without benefit to the country. She added that the country should focus on research and intellectual property.

She highlighted that research commercialisation should be a priority since the country is trying to transition from a resource-based economy to a knowledge-based economy. She indicated that there is a need to create research ecosystem, and it requires policy, funding, accelerators and incubators to take ideas to reality.

The other delegate warned that if the country does not take care of the brilliant young minds that the country has, they are going to leave the country and serve in other countries. He added that there is no other sector that will create meaningful jobs for young people like technology and therefore investment should be channelled towards technology.

The last delegate to comment indicated that the country spends so much money educating the young people for so many years. The government has done its part, and the private sector should step up and do the necessary to turn what the young people have learnt into tangible products. He added that the older generation should mentor and facilitate the young leaders without hindering their growth. He urged young leaders not to be discouraged by some practices in the government and private sector, and not rush to relocate to other countries and advised that if they do, they should go get the experience and come utilise it at home.

SESSION 3B: TOWARDS AN EXPORT-LED ECONOMY: EMPOWERING BOTSWANA FIRMS FOR GLOBAL EXPANSION

OVERVIEW

The session aimed to explore strategies for developing and sustaining export capacity among Botswana firms while assessing their specific export needs through the experiences of those that have successfully entered foreign markets. Key issues included the prerequisites for firms to expand into regional and international markets, a comparison of domestic and international opportunities and constraints, and strategies to address these challenges. The role of business chambers was also discussed, focusing on aspects such as employment practices, financing, awareness of external markets, standards, insurance, and risk management.

The roundtable discussion could cover the following topics:

- An overview of the growth journey in the region, highlighting domestic assistance from the government.
- Critical private-to-private initiatives that support a company's growth as an exporter.
- Considerations for selecting foreign markets and the challenges faced in those markets.
- Strategies for mitigating these challenges.

To begin the session, the chair, presenter, and the panellists, each bringing a wealth of experience and insight (see, Volume 3 of the report for their detailed profiles), guided the discussion on this important topic. They are as follows.

Chair: Ms Keabetswe Pheko-Moshagane, Managing Director, Absa Bank Botswana Ltd

Presentator: Mr John Bosco Kalisa, CEO, East African Business Council

Roundtable Panellist

- **Mr Justice Moilwa, Executive Chairman, Zismo Engineering (Pty) Ltd**
- **Mr Vijay Naik, Managing Director, Flotek**
- **Prof David Norris, Vice Chancellor, University of Botswana**
- **Mr John Bosco Kalisa, CEO, East African Business Council**

PRESENTATION: The status of transitioning into an Export-Led Economy

Mr John Bosco Kalisa, Executive Chairman, East Africa Business and Investment Advisory Council

The presentation was made by the, Mr John Bosco Kalisa, who started by citing a World Bank Report that pointed to Sub-Saharan African countries being hit by recession during post COVID-19 pandemic. The striking feature is that the East African region did not go through a recession during the period in question, owing to the following contributory factors: (i) A strong Public and Private sector dialogue, that brings tangible solutions; (ii) Export diversification driven by the service sector; (iii) Investment in productive infrastructure – both hard and soft infrastructure. Multi-modal transport has been embraced in East Africa; (iv) Conducive macro-economic environment. The role of Government in invigorating export-led growth cannot be over-emphasised and should be looked at holistically, considering the depth-related aspect of diversification; export competitiveness; productive technology as well as human resources.

It was further indicated that, interestingly, Botswana is the only country that has not suffered from the resource curse phenomenon. Between 1966 to 2000, Botswana posted a growth rate of 7.8 per cent, driven by the available resources, such as diamonds, beef, etc, with the diamonds sector accounting for 80 per cent of the total exports. In terms of a conducive environment and changing dynamics, Botswana is well prepared in that area as there is a solid strategy as espoused in the Vision 2036 document.

For the country to meet Vision 2036 aspirations, it must grow consistently at 8 per cent, registering a per capita GDP of USD 6800. A leaf can be taken from Mauritius, with a per capita of USD 13,000, owing to the country's success in attaining export diversification – making it an export-led economy. The fundamentals are there in Botswana to warrant the country's transition into an export-led economy. Botswana needs to be intentional in incubating start-ups. Furthermore, Botswana has a comparative advantage and competitive advantage in terms of exports in the following sectors – light manufacturing; agro-processing; transport and logistics; textiles and garments; creative industry; as well as the leather and beef industry.

In East Africa, borders are operating 24 hours a day. In this light, Botswana needs a mindset shift geared towards facilitating businesspeople rather than Government people. Easing visa requirements and giving passports to deserving businesspeople should be prioritised. It is also paramount to establish an export facilitation fund to ensure that Botswana firms can access the AfCFTA market seamlessly. Moreover, given that there remain bottlenecks around trade facilitation, removing non-Tariff Barriers (NTBs) is key. Since time is of the essence for entrepreneurs, customs procedures must be simplified. In this regard, the respective trade facilitation agencies must institute a mindset shift that embraces trade facilitation and value chain development aspirations of the Government, calling for an institutional alignment that fosters the ease of doing trade.

With regards to solutions geared towards enabling Botswana to be an export-led economy, the presenter proffered the following solutions/initiatives to be implemented: (i) Institutional reforms; (ii) Identify value chains; (iii) Export credit finance; (iv) Use innovation and embrace digitization; as well as (v) Nurture and strengthen Public and Private Partnerships (PPPs).

ROUNDTABLE DISCUSSIONS

By introducing the roundtable session, the Moderator, Ms Keabetswe Pheko-Moshagane, reiterated the urgent need for Botswana to diversify its economy and need to be intentional about it. Panellists were also urged to come up with resolutions that are geared towards making Botswana an export-led economy. Starting the discussion, the moderator asked Mr Justice Moilwa:

'From the engineering fraternity, what do you think needs to be done to propel Botswana into becoming an export-led economy? Currently, what challenges are faced by Zismo Engineering (Pty) Ltd in executing its mandate?'

Justice Moilwa emphasized that the prerequisite for Botswana to realise its developmental objective of being an export-led economy lies in the Government's ability to build and nurture a solid financial base. He noted that there has been a deteriorating policy stance in terms of supporting manufacturing companies that are export-oriented in nature. In this light, he stressed that adequate finance for export development is crucial and should be availed as a matter of urgency. Regarding the challenges currently faced, Justice Moilwa highlighted that the charges levied on products are exorbitant, especially concerning transport and logistics and this is a huge hindrance to doing business. Additionally, he pointed that the charges vary across the countries in the Region such as Zambia and South Africa. There is therefore an urgent need to harmonise these.

What specific policies are needed to export outside the country? What strategy does Flotek need to employ to export outside its home-based market, namely Botswana, South Africa, Angola and Zambia?

Vijay Naik – Flotek has employed about 700 people in Botswana, and overall, over 1000 people are employed across Africa. It is the largest manufacturing company in Southern Africa. It should be noted that the private sector is the backbone of the economy and if the business environment is conducive for the private sector to thrive, this will lead to a strong economy. The following factors put Botswana in good standing for its manufacturing sector to thrive: (i) Botswana is land-linked; (ii) No foreign exchange regulations; (iii) Stable currency. Notwithstanding this, there remain obstacles that need to be addressed for Botswana's manufacturing sector to flourish. For example, (i) when a firm is set in an industrial location, why is it still required to get an environmental assessment approval? (ii) The Engineering Industrial Board (EIB) registration is a lengthy process, that usually takes between 6 months to 1 year to get a license; (iii) Ease of doing business has to be enabled, as ease of doing business is complicated in Botswana. For example, the immigration policy needs to be liberalised as the manufacturing sector is highly specialised and therefore needs some specialised expertise, some of which needs to be imported; (iv) Despite about 70 per cent of Flotek's products being exported, it is surprising to note that similar products are imported into Botswana for Government infrastructure products; (v) When a firm sets up in Botswana, the Government should support it; for a firm that sources its raw materials from South Africa and exports back to South Africa, can remain profitable if supported by the Government.

How is the University of Botswana leveraging its good standing in the High University Times ranking, especially in Research and Development (R&D) to propel Botswana to be an export-led economy?

David Norris – Universities worldwide are partnering with industry, for it is evident that the richest companies are knowledge companies. Adopting the Triple helix model of innovation, which enables interactions between academia (university), industry and government, universities are becoming entrepreneurial universities, embracing both applied research and commercialisation activities. The University of Botswana is keen on adopting the Triple helix model of innovation to spur value chain development in the country. However, the Government and industry must collaborate with the university as the University of Botswana cannot do it alone.

Give an example of an innovative solution that you believe enabled Zismo Engineering (Pty) Ltd to succeed regionally.

Justice Moilwa – The innovative solution was when Zismo Engineering (Pty) Ltd ventured into the business of refurbished transformers after customers approached the company to develop transformers for them. To cut production costs, Zismo Engineering (Pty) Ltd restricted its production to small-scale manufacturing. However, the company remains committed to manufacturing transformers for individual farmers, etc and the Government's support will come in handy in driving the success of this innovation.

What advice can you proffer to entrepreneurs as well as the policy shift that can drive Botswana's economy forward?

Vijay Naik – Flotek is in the business of producing pipes and the use of the right technology in the production of pipes is critical. In the manufacturing sector, different types of technologies are available for use. However, if Botswana firms do not use the required technologies, then Botswana firms will not be able to compete with regional firms that produce quality products competitively. Secondly, entrepreneurs need to embrace certifications such as SABS, etc, if they aspire to access the regional market. Thirdly, entrepreneurs should endeavour to produce at a lower cost – per unit cost of production should therefore be at a minimum for domestic firms to compete with firms in the region.

Policies geared towards enhancing the ease of doing business are key. Hence, export-oriented firms should be treated differently. They must be accorded preferential treatment to cushion them from the high costs of raw materials and the fact that Botswana is a landlocked country. Hence, targeted export incentives should be introduced. Furthermore, manufacturing companies that are doing well, both locally and in the regional market, must be listed differently and should have a separate set of working relationships/engagements with the Government.

What is the University of Botswana doing to foster an entrepreneurship mindset to curb unemployment in the country?

David Norris : The entrepreneurship mindset should be inculcated at the grassroots level, that is, from the primary school level, by changing the way students are taught. Interactive teaching, which promotes, problem-solving should be promoted over teaching students to memorise for examinations. Currently, the University of Botswana is fostering an entrepreneurship culture by allowing students some flexibility to take business and entrepreneurial subjects/modules even when they are pursuing non-entrepreneurial degrees. Another innovation is that the university invites guest lecturers to bring the real world into the classroom. Finally, plans are underway to transform the university into an entrepreneurial university, and citizens are urged to have full confidence in the university that it is capable of transitioning into that. In this regard, Batswana should invest in the technologies offered at the UB Innovation Centre.

Discussions and Questions

The discussions centred around what procedures to be followed to enable Batswana to invest in technologies provided at the UB Innovation Centre; what needs to be done to encourage Batswana to participate in strategic industries such as transformers manufacturing and how are these industries currently being supported; as well as how the Economic Diversification Drive (EDD) could be improved.

Presenters Response

A well-functioning national technical infrastructure is important for connecting SMMEs to regional and global markets. However, evidence points to an inadequate national technical infrastructure, as the Botswana Bureau of Standards (BOBS) cannot provide international testing. In this light, local testing facilities need to be augmented, if the country is to realise its

ambitions of becoming an export-led economy. Already, the University of Botswana and BIUST have accreditation laboratories that can be used to augment existing testing facilities. Technologies produced at UB are ideal for the growth of SMMEs in the country. With regards to manufacturing transformers, the big hurdle remains Botswana Power Corporation – it takes a long time to be serviced after applying. Policies around trade licenses, Environmental Impact Assessments (EIAs), immigration, etc need to be re-looked at.

Summary of deliberations and associated Conclusions and Recommendations

The key resolutions that emerged from the Session include:

1. Enhancing trade facilitation

- Streamline Customs and Border Processes: simplifying and speeding up customs procedures can reduce delays and lower costs for exporters.
- Improve Logistics and Infrastructure: Investing and enhancing land-linked capabilities/investing in productive infrastructure (this is a key lesson from Rwanda which has turned into a distribution hub).

2. Implement favourable trade policies.

- Industry-specific incentives: The government can provide incentives such as tax breaks, grants and subsidies to industries with high export potential.
- Establishment of an Export Development Fund (EDF) – to support the growth and development of the export sector, mainly SMEs. This could be funded by both Government, private sector and donor agencies.
- Bilateral and Multilateral Trade Agreements: Negotiating trade agreements that reduce tariffs and non-tariff barriers in key export markets can enhance market access for domestic products.

3. Regulatory reforms and ease of doing business

- Simplify Regulations: reduce bureaucratic hurdles, simplify business registration and make it easier to obtain necessary licences and permits and smoothening policies around Environmental Impact Assessments.

- Strengthen Legal Frameworks: Ensure that contracts are enforceable and that there is a reliable legal framework to protect property rights and intellectual property. This creates a secure environment for business operations.
- Collaboration with Industry: Foster collaboration between the government and the private sector to align policies with the needs of export-oriented businesses. Regular consultations can help identify barriers to exports and develop targeted solutions.
- Focus on the four sectors where we already have a comparative advantage – light manufacturing; agro processing; transport and logistics; and textiles and garments.
- Testing Authority/Enhance quality assurance capabilities: Augment existing local testing facilities, given the capability and capacity limitations of BOBS. The need to foster partnerships is of paramount importance, as already the University of Botswana and BIUST have accreditation laboratories that can be used to augment existing testing facilities.

PLENARY SESSION 4: ENHANCING PRIVATE SECTOR GROWTH THROUGH VALUE CHAIN DEVELOPMENT

OVERVIEW

Value chain development is an important concept for the industrialisation of Botswana through a private-led economy. This session brought together various businesses from different sectors, varying experiences and longevity between enterprises. They discussed practical, experiential dimensions of value chain development and how it can be utilised to enhance private sector growth. The following are some of the key points discussed:

- **Private-to-private initiatives .**
- **Employment creation**
- **Opportunities for industrialisation**
- **Public – to private initiatives involved to make the sector successful.**
- **Reflections on infrastructure and logistics (investment opportunities)**
- **Financing opportunities -gaps and challenges and how they are met.**
- **Opportunities for exportation**
- **International standards, insurance, market access**

To begin the session, the chair, presenter, and the panellists, each bringing a wealth of experience and insight (see, Volume 3 of the report for their detailed profile), guided the discussion on this important topic. They are as follows.

Chairperson: Ms Agodirwe Mapoka (Manager Brand and Marketing, Botswana Development Corporation)

Panellists:

- **Mr Thabo Simon**, Senior Manager Commercial, Botswana Oil
- **Mr Kangangwani Phatshwane**, Managing Director, Botswana Ash (Pty) (Ltd)
- **Mr. Lesego Osman**, Head of Business and Commercial Banking, Stanbic Bank Botswana
- **Ms Portia Diteko** Gambling Authority, Manager, Gambling Authority
- **Ms. Lillian Costa Scheepers, CEO**, Pandamatenga Commercial Farmers Association

ROUNDTABLE DISCUSSIONS

The Moderator of the session started the discussions by highlighting that value chain development is a strategic approach that ensures that the country optimises the entire life cycle of a product or service, right from conception to the end user. Furthermore, it is a strategic initiative that fosters innovation and creates jobs required by the country. Value chain development is about creating a cohesive ecosystem that will bring economic transformation. The session also highlighted initiatives that can enhance value chains and strategies for industrialisation and employment creation, the challenges encountered associated with market access and export potential. To spearhead the discussion, the chair, posed several questions to panellists to guide the discussions.

How do you see value chain development impacting entrepreneurship culture and growth in private sector participation in Botswana?

Lillian Costa Scheepers- The weakest points in the agricultural value chain lie with the farmer and the consumer. As crop farmers, we believe the solutions for our challenges already exist. We just need to tap into what has been put in place, adapt and improve. There are not many barriers in our value chain, but what has been discussed so far at the NBC could help us be a food-secure nation if we implement it. The current crop of farmers has the will to produce more, but they need the right instruments in place to do this, and access to fair markets.

Lesego Osman – The development of value chains is key for economic development. The development of the various value chains such as in the mining sector, diamond cutting, etc contributes to GDP growth, widening the tax base, infrastructure development, etc. However, value chain development cannot happen without access to finance. Access to finance impedes entrepreneurs and SMMEs. While entrepreneurs could have great ideas, the good ideas would not mean much if they were not commercialised. Access to finance is thus the game-changer in attaining the country's value chain development aspirations.

Portia Diteko – The Gambling Authority licences gambling establishments and ensures compliance with responsible gambling. The Authority has embarked on training the youth with ambitions to venture into the gambling business. The gambling value chain is an emerging value chain, with the potential to boost employment creation. The importance of portfolio diversification in the gambling value chain is evidenced by situations where profits made from the casino are taken to cushion the losses accrued from the hotel side. Value chain development has a huge impact on the private sector. The ripple effect is through job creation. As a Gambling Authority, we have capacitated some of the youth and this knowledge transfer has empowered them to grow their businesses and create employment opportunities.

Thabo Simon – Botswana Oil Company is in the fuel supply value chain space. It is important to note that hitherto, local firms were not able to partake in the fuel supply value chain. Value chain development is very important and as Botswana Oil aim to continuously citizen-owned companies and open opportunities for them to participate meaningfully in the value chain.

Kangangwani Phatshwane – The mining sector has transformed Botswana's economy. It has also transformed fifty per cent of the mining sector value chain on the inbound side. The challenge that remains for the mining sector is to deepen into inbound manufacturing. Natural resources often form part of a competitive mix of the country's competitiveness, as the mining sector has the potential to leverage other niche industries such as the intermediate inputs industry and tertiary industry. Therefore, by the mining sector's scale in terms of purchasing power (it comes second after the Government), it has the potential to drive value chain development in the country.

How do you mitigate risks emanating from the mining sector and how do you address market access bottlenecks?

Kangangwani Phatshwane – Mining sector feeds into the manufacturing sector. The supplies into the mining sector can be aggregated into scale so that the varied components can be leveraged to propel the growth of the manufacturing sector in Botswana. For value chain development to be executed successfully there is a need to develop products and commercialise them, therefore R&D is crucial. Where we need to improve as a country is not to expect potential investors to undertake the last 2 steps of R&D but to foster collaborative efforts between potential investors with universities so that when investors come to Botswana, they find the environment already conducive for investment in R&D.

What investment opportunities are there for value chain development?

Lesego Osman – There are numerous opportunities such as citizen economic empowerment initiatives, gambling, agriculture, etc. For example, Botswana firms can leverage the niche market of exporting machinery for repairs to do it domestically by capacitating the SMMEs. Furthermore, Botswana is also producing various agro products which are not currently being processed. The next step for the country is to venture into agro processing as a matter of urgency.

What must be done to achieve a fully optimised value chain?

Lillian Costa Scheepers- The agricultural sector's potential is promising and solid. The sector contributes 3 per cent to Botswana's GDP. Out of this, 20 per cent emanates from grain production while the remaining 80 per cent accrues to stock production. This shows that the whole scenario of food insecurity can be over-hauled and minimised. There is therefore an urgent need to bring balance to value chain development, from farmer to consumer, to address the status quo of weakening the farmer and exploiting the consumer. This will result in every player in the value chain having a healthy portion of the value chain. There is therefore a need for mindset change.

What should the private sector do to intensify private sector participation in the economy?

Thabo Simon – The citizen fuel transportation sector has witnessed some growth over time. In 10 years, citizen participation has grown by 35 per cent, that is out of 400 trucks that import fuel, 116 of them are trucks that are citizen-owned, and these are operational.

Furthermore, Botswana Oil has entered into a strategic partnership with Debswana, with 4 citizen-owned companies having been facilitated through this partnership. To reaffirm the importance of citizen participation in the value chain development, Botswana Oil is a hand-holding citizen-owned firm, to facilitate their participation in segments where initially there was less participation in the value chain.

Through the initiatives that you drive, what has been the impact on employment outcomes? Portia Diteko - The Gambling Authority continues to embark on intensive public campaigns to capacitate Batswana on opportunities in the gambling industry. As an Authority, we educate Batswana on the different opportunities in the gambling industry. The Authority also has an open database which allows Batswana access to its day-to-day operations to guide them on available opportunities where they could provide a service e.g catering, printing of t-shirts etc. In addition, Section 115 of the Gambling Act requires the counselling function to be outsourced. To date, approximately 3000 direct employment opportunities in the betting establishments have been created. Horse racing betting is an emerging and promising industry in the country. As a country, we have focused on mining, and for the country to diversify it needs to pay attention to other industries such as the gambling industry.

What measures have been put in place to optimise value chain development?

Kangangwani Phatshwane – Along the different value chains, there are segments where Botswana has a comparative advantage. The missing link is that the country needs to endure some trade-offs by focusing on a few critical value chains. Therefore, the Government needs to craft a strategy that is focused and impactful by fully leveraging on services when there is no basic industrialisation; investing in reliable and cost-effective energy; invest in reliable and cost-effective transport and logistics as this is a critical component of industrialisation as private sector thrives on it. In addition, the Government needs to liberalise strategic components of industrialisation such as heavy freight. It makes a business case for the private sector to bring in their money and expertise to enable this critical aspect of production. Moreover, the mining sector can be leveraged to propel value chain development in the country.

How should Botswana's private sector position itself to leverage value chain development?

- Robust communication is crucial for leveraging value chain development in the country. Harness value chain development in the agricultural sector as this is the sector that Botswana's economy was initially heavily reliant on.
- The banking fraternity must introspect for value chain development cannot happen in the absence of access to finance.
- There is a distinct difference between problem gambling and healthy gambling. Therefore, mindset change culture needs to be inculcated in society to de-stigmatise the gambling industry.
- The private sector must embrace new knowledge.
- The private sector needs to partner with Government to promote value chain development.
- There is a need for a paradigm shift to inculcate the mindset change culture in society that Botswana's products should not only be confined to the domestic market but can also compete with their regional peers in regional markets.

The summary of deliberations and associated Conclusions and Recommendations are as follows.

1. Tailor-made financing and innovative solutions
 - Intensify investment in R&D: The government needs to be intentional in increasing investment in R&D to foster value chain development.
 - Targeted investment in infrastructure development: The government needs to develop a more targeted infrastructure development strategy, with a focus on developing reliable and cost-effective infrastructure to foster trade facilitation.
 - Develop and nurture the repair industry: There is a need to develop domestic industries with a focus on repairing machinery to guard against exporting equipment for the sole purpose of getting repairs.
2. Embrace mindset change culture: There is a need to inculcate mindset change that would inspire entrepreneurs to participate in the global market and not restrict themselves to the local market.

SPECIALISED SESSION 5

SESSION 5A: EMPOWERING THE PRIVATE SECTOR THROUGH INNOVATIVE PUBLIC PROCUREMENT

OVERVIEW

Botswana has made significant strides in public procurement reforms since 2001, beginning with the establishment of the Public Procurement and Asset Disposal Board (PPADB). The government, through its ministries, agencies, and departments, procures a substantial portion of goods and services from the private sector. This strategic move is aimed at boosting private sector development. The current Public Procurement and Regulatory Authority (PPRA) seeks to further reform the procurement system to enhance the effectiveness of public procurement.

This session sets the tone for the discussion by addressing ways that public procurement can enhance the growth of the private sector. Key areas for panellists to deliver on include identifying common pitfalls to avoid, the use of ICTs in public procurement, articulating measures for accountability, and how enforcement can be attained. Other key areas include:

- Reflection on public procurement from youth-owned companies, focusing on the need for inclusion, challenges, and bottlenecks.
- Deliberation on attributes of ownership for successful procurement by the government from youth-owned entities.
- Reflections on the role of quotas and subsidies in enhancing youth-owned companies.

To begin the session, the chair, presenter, and the panellists, each bringing a wealth of experience and insight (see, Volume 3 of the report for their detailed profile), guided the discussion on this important topic. They are as follows.

Chair: Mr Lere Matebesi, Supplier and Enterprise Development Manager, Debswana

PRESENTATION: Mr Don Washington Ruhukwa, Managing Director, Solution Bridge Consulting

ROUNDTABLE PANELLISTS

- **Mr Kabelo Ebineng**, PS, Ministry of Entrepreneurship
- **Martin de Klerk Moatshe**, CEO, iFirsh
- **Ms Tumelo Motsumi**, CEO, Public Procurement Regulatory Authority

PRESENTATION: EFFECTIVENESS OF BOTSWANA PUBLIC PROCUREMENT

Mr Don Washington Ruhukwa, Managing Director, Solution Bridge Consulting

Mr Ruhukwa started his presentation by highlighting that one of the functions of an efficient and effective public procurement system is to act as a strategic enabler/springboard to more meaningful private sector participation in the economy. Giving a background on the importance of public procurement, Ruhukwa highlighted that according to 15BN (Quarterly) from Trading Economics, Botswana's procurement spending amounts to BWP60 billion annually. He pointed out that the public sector is the largest purchaser of works supplies and services which are procured principally from the private sector, hence his thesis/proposition that "Invigorating Economic Transformation Through the Private Sector" calls for the deliberate use of Public Procurement as a strategic tool to leverage the economic, environmental and social transformation potential of the private sector. He emphasized that it is timely, in view of the African Union Private Sector Bill of Rights (AUs PSBR). Ruhukwa articulated the existing Private Sector Bill of Rights, which encompasses several key provisions.

- Article 2- the right to efficient, transparent public sector governance to support business growth and wealth creation.
- Article 4- right to a functional legal system that guarantees the sanctity of contracts and timely resolution of disputes.
- Article 6- the right to equal treatment and equal opportunity for market access.
- Article 8- the right to exceptions and subsidies for SMEs
- Article 18-the right of the private sector to consultation on policy law and regulation before enactment and to a broadly consultative relationship between the public sector and the private sector to propel trade and investment.
- Article 24-the right to participate in trade without engaging in bribery or corruption.

In closing his discussion on the AUs PSBR, Ruhukwa demonstrated that some of the articles align closely with key initiatives in Botswana. For instance, he noted that the evidence-based research mentioned by President BB in his opening remarks ties in very well with Article 8 of the PSBR, which emphasizes the right to exceptions and subsidies for SMEs.

The presenter acknowledged that a lot of progress has been made in public procurement to date. Regulatory reforms have transformed the Public Procurement and Asset Disposal Board (PPADB) into the Public Procurement Regulatory Authority (PPRA), and the scope of covered entities has expanded to include state parastatals, the Botswana Power Corporation (BPC), land boards, and others. The e-procurement platform and other significant innovations were introduced.

New procurement methods, such as unsolicited proposals and Public-Private Partnerships (PPPs), have been expressly recognized, and third-party procurement services are now introduced by law. The dispute resolution mechanism has been enhanced, allowing for review by Accounting Officers, followed by appeals to the Procurement Tribunal and ultimately the High Court. This has resulted in valuable case law precedents, such as the Chief Justice's Practice Directive of 2021, which deems all tender-related disputes as urgent. Furthermore, initiatives are underway to establish dedicated Commercial Courts, which we hope will address procurement-related disputes more effectively.

The presenter highlighted the following issues for consideration.

- Forms and formats /templates yet to be prescribed.
- Institutional issues still need to be prescribed under the Act to ensure guidelines and responsibilities.
- Standard bidding processes (SBPs) and contracts are no longer fit for purpose as there are newer forms available for Supplies, Services, and Works contracts.
- The need to address over-regulation of the Private Sector that may stifle private sector growth.
- A call for Regulatory Impact Assessment (RIA), particularly through the Regulatory Sandbox.
- There is zero compliance with Regulatory Impact Assessment, land leases and concessions; and transport sector regulatory environment.
- Reactivating the High-Level Consultative Committee (HLCC) which facilitated dialogue between the government and the private sector but is no longer active.
- Corruption, lack of accountability, double standards in pricing as well as deficiencies in the contract management framework/system remain a challenge for businesses in Botswana.
- The construction sector fee scales and frameworks for the Professional Consultancy Fees still use 2016 rates.
- Supplier Remedies for ensuring speedy resolution of disputes, especially trans-border disputes, Arbitration Act (1959) is antiquated and inadequate.
- BW is one of the few countries in Sub-Saharan Africa and indeed within the AfCFTA area without a fit-for-purpose Arbitration Act, compliant with UNCITRAL model arbitration law. This has serious and negative repercussions for the choice of Botswana law to govern international disputes which might arise under the AfCFTA and indeed the attraction of FDI.
- Absence of Commercial Courts in Botswana, which lead to court delays in settlement of procurement disputes through the litigation route.
- The need for rationalisation of reservation and price preference schemes in view of the implementation of the Economic Empowerment Act.

ROUNDTABLE DISCUSSIONS

The Chairperson, Mr Lere, started discussions by emphasizing the good platform that Botswana has created in terms of public procurement, of the importance of public procurement in terms of driving the government agenda. He mentions that public procurement stands at P60 billion, while the second biggest single procuring entity is at P10 billion in this country. Therefore, public procurement is six (6) times larger at the top, so you can imagine the impact there. As professionals, we acknowledge that our public procurement is also a bit peculiar as there are some emotive and entitlement issues around public procurement. There are issues of governance that we must address. The discussion will focus on specifically empowering the private sector through innovative public procurement. As a country we know that we are challenged from an economic point of view, both structural and cyclical issues and our economy is at an inflection.

In terms of government support, we know that the government has passed significant legislation to support both private-sector growth and citizen participation. Key among these acts is the PPRA and the Economic Inclusion Act which sit directly under the Ministry of Entrepreneurship. How are government efforts coordinated to ensure meaningful private sector participation in public procurement of unities? Also, what are the key performance indicators from our end, what is our ultimate ambition in terms of what we're driving?

Mr Ebineng mentioned that the government should serve as the first client and partner of choice to help new ventures to thrive, and it should do that expeditiously. He highlighted that in his presentation, Mr Rahukwa indicated that Botswana's public procurement budget is around 60 billion, and therefore the government is the major enabler. Government has to be able to do everything possible to make sure that they don't only support the procurement, but also make the processes as easy as possible.

To ensure meaningful private sector participation, the government is to provide rapid private sector expansion and diversification based on innovation-driven enterprise. This means that the Government cannot move forward without coming up with enterprising ideas and making sure that they are done innovatively, as a means of growing the economy, because this is where the country would like to be by 2036. Mr Ebineng mentions a few initiatives that the Government needs to pursue:

- Partner with institutions and communities to make sure that there is good understanding, not only around the commercialization but making sure that in supporting, people understand that the government is working towards an export LED economy. Therefore, issues of quality and standards have to be a priority. Government has to be able to partner with institutions like the Botswana International University of Science and Technology (BIUST), so that we expand the entrepreneurial pipeline.
- There should be links with communities in terms of cooperatives. The cooperative movement was very good in the past years, but somehow, we have let them drop to a point where a lot of the communities are complaining that the economy is no longer in their hands.
- As the government engages based on Science Technology Engineering and Mathematics (STEM) to deal with drones and other things, there is the informal sector for the small and medium enterprises sector, which holds assets that are not monetized. We must be able to go to the communities and make sure that they understand that they might not have the money, but they have certain means of production. That is the private sector that we would like to enable.
- If we are going to be focusing on STEM emphasizing quality, and looking at the export economy, there is no way that we can do that successfully or sustainably without looking at the manufacturing sector.
- We have got to accept where we are as a country, it will take us time to build that capacity, especially at the export level but in the meantime, the government is working hard with BIUST and other partners to make sure that we develop the deep tech area, particularly that we are shifting from a resource based to a knowledge-based economy.
- In terms of regulations and how the government enables innovators, the government has not invested enough and has not been supportive enough by being patient and appreciating that because enterprises do not have the collateral, they do not have the idea of navigating around the laws or regulations that have been put in place.

Mr Ebineng emphasised that investment is lacking, but mentioned that within the Ministry of Entrepreneurship, for example, there is a function of entrepreneurial development and in that function, we deal with the mindset change and building a culture of making sure that Batswana understand what an enterprise is. Also making sure that this mindset change aspect doesn't only deal with them in terms of understanding how they are to invest, or make sure that they go into sustainable businesses.

He highlights that the government has a program called the Youth Development Fund (YDF), where the government spends well over a billion and the businesses are supposed to run successful businesses, and then return the money so that it becomes a revolving fund. However, the recovery rate of YDF has been around 4.2% over the last 7 years, which tells you that the government is funding but not supporting or guiding the businesses accordingly. Businesses need to appreciate that they have to be able to save and market their businesses.

Mr Ebineng mentioned the aspect of value chains and cluster development, and that this is where there has to be an appreciation that economies of scale work. The private sector needs to work in partnerships and form clusters or else there is very little that the businesses will achieve. MoE's function is to make sure that we promote sustainable value chains across the economy. Once we have developed the sustainable value chains, we then have to look at business development. Enterprises need to ask themselves what they are doing in terms of the market and product development. With a governments 60 billion Pula budget for work, services etc, government has to be able to approach private sector and demonstrate how markets can be developed, including

government becoming the market. In terms of reservation and citizen economic empowerment, there is no way that we are going to participate at an international level without having first perfected what we are doing locally. It is going to be an iterative process, but the businesses have to be given an opportunity, and this is where from a mindset point of view the MoE working with accounting officers has to ensure that when we spend the ministries budget, the issue of reservation where thresholds have to be in place is actually affected. It is an issue around M&E, where we determine if we are holding our procuring entities to their responsibility of making sure that they procure from the people that are targeted, and this is where the economic inclusion act comes in.

He highlighted that businesses that tend to import are the ones that are getting the orders hence , the need to ensure that procuring entities stick to the standards, and make sure that when it comes to preferences, where we give an opportunity to youth and whoever else is targeted, they in fact enjoy those price preferences. This is an area that he believes is not being managed well as government. Therefore, suggests that as we move forward, we need to ensure that when we do have those contracts the issue of quotas whether by region, it is something that has to be monitored and evaluated carefully throughout.

When it comes to subcontracting, when contracts are issued it is important that those in the community are also given work so that they learn and ultimately ensure that we refine and improve the quality, As Botswana we have the capacity to produce locally, yet we are still importing things that are produced locally. The aspect of quality and price should always be accounted for because there are limited resources, for any business to be competitive they need to be mindful that there is the issue of scarcity.

As PPRA you have got quite a big mandate in terms of fully implementing this act and ensuring that the local businesses benefit. We are able to transform the economy through our procurement budget. What role does PPRA play in empowering the private sector, particularly noting some deliberate measures for public sector growth, with a particular focus on innovation, in how we procure in the public sector?

Ms Motsumi highlighted the importance of having the resources and structures in place before implementing a policy or Act. The Public Procurement Act is one of those that came into implementation before any structures were put in place, even though the PPRA is just there by name, the regulator, Public Procurement and Regulatory Authority (PPRA) is still trying to come up with a structure and a strategic plan. She mentioned that she is aware of all the structures that Mr Ruhukwa mentioned in his presentation, for example, the Standardized Bidding Packages (SBPs). PPRA is currently in talks with the African Development Bank to assist PPRA with funds to review the SBPs. PPRA is also engaging with the United States Trade and Development Agency to review its operations manual and develop a procurement audit manual. Resources are scarce and PPRA does not have funds to put all the needed structures and that is why it is looking outside the country for assistance.

Ms Motsumi talked about procurement methods that support innovation, Mr Ruhukwa mentioned unsolicited bids, which is a procurement method that, if done properly, would support innovation. This is where the private sector approaches the public sector with a solution for your challenge. She further encourages procuring entities to approach PPRA when they are faced with rejections and unsolicited bids. PPRA started the implementation of the act before certain things were in place, there are no guidelines for unsolicited bidding it's part of the guidelines that will be developed by the US TDA project. However, currently, PPRA is using the guidelines for the PPP, but there is a need to tweak them so that they can allow for innovation. The other method mentioned by Ms Motsumi is that of the hackathon, as taken care of by Regulation 28. When a procuring entity needs a solution, they can bring in innovators to say we have this challenge please try to come up with a solution.

The procurement process will be in two phases the first one will be where these young innovators will be coming together to compete to come up with the best solution. The best solution will be chosen, and they will be paid for their work, the winner will now develop the solution. In collaboration with the Botswana innovation hub, PPRA has developed guidelines for the use of hackathons.

Ms Motsumi also touched on an issue mentioned by some speakers' firms that win tenders will get pipes or materials from South Africa with works contracts. PPRA has a returnable document in its standardized bidding package where bidders need to indicate where they are going to source their inputs, and that returnable document has to be evaluated. However, Ms Motsumi pleaded with the audience to report such behaviour so that it can be investigated. This touches on issues of contract management, where bidders bring in pipes from South Africa, when we know that when we were evaluating that contract and there was a returnable document where that bidder said they will be getting pipes from Flotek as an example, then at implementation stage something else happens. This is the issue of monitoring, and it falls squarely on procurement specialists to ensure that they do our work.

In terms of the youth, we talked about our economic inclusion act and there is special consideration for targeted citizens, youth being one of those targeted groups. So, tell us about your experience with government procurement from a point of youth owned entities, specifically what has been the experience in terms of both challenges and bottlenecks, issues of policy infrastructure and payment?

Mr Moatshe started his submissions by emphasizing the need for honest about the current state of public procurement in Botswana since it is fraught with challenges; it lacks specificity, and it lacks data. He mentioned that there is no data on public procurement, and we talk from little information which is dangerous. This means that we are going to be solutioning for something that may not be the problem, even when we talk about these challenges which we are facing on the ground we are talking from a vague standpoint. Procurement data is the most important mechanism to have, we look at the set quota of 20 percent for youth owned businesses which is really not enforced because there is no regulatory sheriff to make sure that even when there is a government affirmative action it is actually put in place.

Mr Moatshe mentioned that through research, he discovered the minister had to come up with the data for the 20 per cent youth quota, and P4 million was spent on this 20% quota for youth-owned businesses and from that P4 million, 245 businesses participated. Out of 245 businesses, 3 million went to one company and other one million was divided amongst the remaining 244 businesses. This shows that even though there are available affirmative action programmes for youth, this law is not working because it is not enforced. Another issue that he mentioned is that when we talk about youth-owned businesses we talk about SME's and startups, and as you look at startups, they need cash injection and, in most cases, they are underfunded. Youth-owned businesses also fail because they don't have the capacity, and they are not taught how to do business.

Mr Moatshe again emphasized the importance of procurement data to support Botswana's economic growth and job creation efforts. Procurement data will enable informed decision making and allows government to track progress to identify gaps and make necessary adjustments in real time. Procurement must be regarded as an enabler of economic growth and a driver of SME development.

Mr Moatshe makes the following recommendations to develop public procurement:

- Develop a one-stop shopping E-portal for SMEs, this portal would channel data whereby, capturing all SMEs and their transactions. The portal should be dedicated to micro small and medium enterprises, including those owned by youth, because the average successful entrepreneur at global standard is 42 years of age, so if we focus on youth only, we won't be able to take advantage of the AfCFTA. If we have a system in place, it will be able to just remove any supplier who wants to extort the government. This portal would be able to expand their businesses and also bring transparency. This model on a one-stop-shop portal is implemented in Paraguay through assistance from open contracting, and the results are astonishing they moved from 13% to 19.2% in a space of 12 months, which is a growth rate increase in participation of small and medium enterprises in the public sector.
- Payments are perennial a 20% down payment should be given to SMEs before they start a job in that way you have cushioned their cash flow. Instead of small enterprises going to Ticano to give you funding for your purchase order financing for instance, now you have offset the cost.
- There are low rates of innovation in Botswana and the reason is that we are tendering our way to innovation. Unsolicited bids need to be implemented.

In terms of value chain development and local manufacturing, are we making sure every pula we are spending in public procurement is actually impactful? How do we define manufacturing?

Mr Ebineng: The issue of value chains and cluster development is important because the idea of clustering is to make sure that businesses have enough resources. As a resolution, we should be seeking that it be supported. The second issue would be around the hackathon which requires investment. As a government, we need to have a fund for innovation. Mr Ebineng emphasises investing in monitoring and evaluation.

Comments from the floor

- Develop a mentorship program for young entrepreneurs. Successful businesses in the country, as part of their social responsibility, should mentor young entrepreneurs, where they work under their guidance, to the extent that they are allowed to sign the checkbook, so that they don't misuse the funds, and they are monitored properly.
- We have to teach Batswana how to run a business. There's no way that you can throw money at a problem. A business could have a great innovative idea but be a lousy business-person. It's important that we teach our people how to run a business because unlike other nationalities Batswana don't come from that background.
- We need to start looking business from the view that we've got so many problems that we're trying to solve, so we have to teach our youth and entrepreneurs to solve real human centered problems and not just tendering.
- Financial literacy of SMEs is vital, there is a need for programs that teach our people how to distribute the finances. We need to spend more resources in training SMEs especially from a finance perspective.
- SMEs and Entrepreneurs also need support from the banks. For banks to prefund those activities, whatever they've tendered for, government needs to be mindful and say how soon do I pay businesses, because from a banking perspective there will be terms and conditions and delays in payment by government to the SMEs is a major problem.

Question and Answer Session

1. Comments from the audience: When the government gets loan support from other nations such as China, oftentimes they will have a covenant, but that spending is going to go to a Chinese entity.

We need to ensure that when that spending takes place contract management and the clauses that are agreed upon involve citizens because anecdotally, we see that the Chinese contractors procure everything from outside. They have their farms so there's no benefit to our economy, and it kills the economy. . So, I think that is something that we need to take seriously particularly now as we don't have the resources, we are going to go for more and more loan funding, and we need to ensure that those loan agreements talk to what we're discussing today.

Section 141 of the PPRA mentions that where procurement under section 141 favours an external beneficiary i.e. the tender is awarded to a Chinese company. A procurement through contributions made by Botswana shall be undertaken in Botswana through contractors registered in Botswana, be all relevant insurances shall be placed with companies registered in Botswana, then see supplies shall be transported by carriers owned by citizen companies registered in Botswana. If the law is not broken it's a mindset change people just don't use the provisions so it's all about looking at the provisions in the act and using them effectively.

2. Do all tenders go through PPADB, or they are also given directly? I mean the way they all go through the procedures that we have set up.

PPADB used to be involved in the procurement process. Currently, the procurement process is solely the responsibility of the accounting officer, and PPRA performs the auditing of the activities performed. There is a mismatch between contract management in the private sector and the public sector.

Summary of deliberations and associated Conclusions and recommendations are as follows.

1. The role of public procurement on economic growth: Botswana's public procurement budget is substantial (P60 billion), making it crucial for economic growth and government agenda. Consequently, public procurement practices must evolve to empower the private sector, particularly through innovative approaches.
2. Government Supportive role through Legislation: The government has enacted significant legislation (PPRA and Economic Inclusion Act) aimed at enhancing private sector participation.

3. Private Sector Empowerment Initiatives: Emphasis on the importance of innovation-driven enterprises for diversification and economic growth. Consequently, the need for partnerships with educational institutions (e.g., BIUST) to enhance entrepreneurial skills and support the development of a knowledge-based economy.
4. Challenges in Implementation: There are governance issues and challenges in the enforcement of policies aimed at youth and SMEs.
5. Current programs (like the Youth Development Fund) show low recovery rates, indicating a need for better guidance and support for entrepreneurs.
6. Importance of Data in Procurement: An emphasis on the lack of comprehensive procurement data hampers effective decision-making and enforcement of quotas for youth-owned businesses. The importance of a robust data-driven strategy is pointed out to be critical in tracking progress and identifying gaps in public procurement.
7. Innovative Procurement Methods: The need for implementing methods that promote innovation, such as unsolicited bids and hackathons, to attract private sector solutions to public sector challenges.
8. Value Chain and Local Manufacturing: Strengthening local manufacturing and value chains is vital; ensuring that public procurement spending has a local impact should be prioritized. Moreover, quality and cost-effectiveness must be balanced to enhance competitiveness.
9. Monitoring and Evaluation: There is a need for effective monitoring and evaluation of procurement practices to ensure compliance and effectiveness.
10. Mentorship and Training for Entrepreneurs: Establishing mentorship programs and financial literacy training for entrepreneurs can help develop the necessary business acumen and sustainability. Furthermore, the importance of fostering a culture of entrepreneurship that addresses local challenges and solutions.
11. Regulatory Clarity and Accessibility: The need for clear guidelines and structures must be established for effective implementation of procurement laws.
12. The need for developing an e-portal for SMEs to improve data collection and transparency in procurement.
13. Immediate cash flow support for SMEs and addressing the challenges faced by youth-owned businesses in accessing funding are critical.

SESSION 5B: SPURRING PRIVATE SECTOR GROWTH THROUGH PRIVATISATION

OVERVIEW

Botswana's Government and the private sector have longstanding collaborations to enhance the role of the private sector in the economy. Through the Privatisation Policy of 2000, Botswana's economy reduced the government's role in business and reached higher levels of efficiency. The Private Sector Development Programme (PSDP), a collaboration between Business Botswana and BOCCIM, aimed to stimulate and sustain private sector growth. However, Botswana's privatisation programme has stalled. This session provides insight into current government plans for privatisation and reflects on prosperous countries to set the tone for the debate on privatisation. Key discussion points for the session include.

- Experiences in implementing the Privatisation Policy and the Privatisation Master Plan.
- The current state of implementation of the Privatisation Policy and the Privatisation Master Plan.
- Updates on government policy directions on privatisation.
- Whether the government intends to formulate a law to support privatisation in the future.
- Major areas that a country must focus on to achieve a booming private sector-led economy through privatisation.

To begin the session, the chair and the panellists, each bringing a wealth of experience and insights (see, Volume 3 of the report for their detailed profiles), guided the discussion on this important topic. They are as follows.

CHAIR: Mr. Kgotsi Banalotlhe, CEO, Letshego Holdings

PRESENTERS:

- Dr Lucy Surhyel-Newman, CEO, African Private Sector Summit
- Tania Begazo, Senior Economist: Markets, Competition and Technology Unit, World Bank Country

ROUNDTABLE PANELLISTS:

- Mr. Ishmael Joseph (CEO, Public Enterprises Evaluation Privatisation Agency, PEEPA)
- Mr. Kopano Bolokwe (Acting CEO of the Botswana Stock Exchange, BSE)

PRESENTATION: Building on State Assets to Enable Private Sector Development

Tania Begazo, Senior Economist

Markets, Competition and Technology Unit, World Bank Country

Tania Begazo's presentation centred on the role of state assets and the private sector in helping Botswana become a high-income economy and eradicate extreme poverty by 2036. Specifically, she discussed key developments of Botswana's State-Owned Enterprises (SOEs) and Businesses of State (BOSSs), best practices, and necessary reforms for an effective role of state assets in driving private sector development.

Delving into the current developments of SOEs and BOSSs, Begazo highlighted their continued importance in Botswana's economy. Citing the World Bank Global Businesses of the State (BOS) database and other authors, such as Stuart et al. (2023), Begazo pointed out some key developments in Botswana's SOEs and BOSSs, as depicted in Figure 2 below.

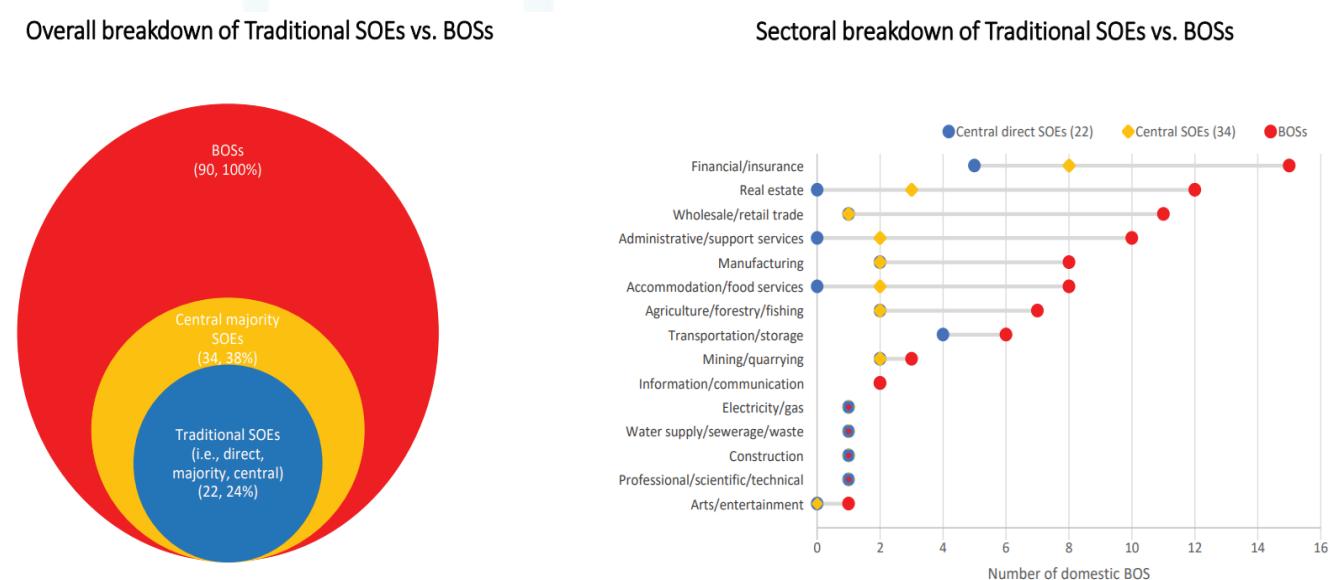
Figure 2: Key Developments on Botswana's SOEs and BOSSs



Source: Source: World Bank Global Businesses of the State (BOS) database. Information as of December 2019. **Note:** BOSSs include direct and indirect ownership of the State of at least 10 percent. (Stuart et al. 2023)

Discussing the key developments, depicted in Figure 2, Begazo highlighted that the unconsolidated revenues of Botswana's domestic BOSs represented 25% of GDP in 2019, which considered a significant share compared to some regional peers, significantly higher than aspirational peers such as CHILE (11% of GDP). She also highlighted the following: the financial performance of Botswana's SOEs has generally been weaker than international best practice; 46% of BOS in Botswana operate in highly climate-vulnerable sectors (World bank CCDR 2024); 7 out of 9 SOEs fall into the moderate and high fiscal risk categories against international benchmarks (Stuart et al.2023) and that direct transfers to SOEs have been reduced but still important.

In terms of the scope of the Botswana's state shareholdings in businesses, Begazo pointed out that it is much wider than the traditional SOEs as depicted below, in Figure 3. There are 90, 34 and 22 BOSs central majority SOEs and traditional SOEs, respectively. She alluded that 37% of Botswana's domestic BOSs are minority-owned.

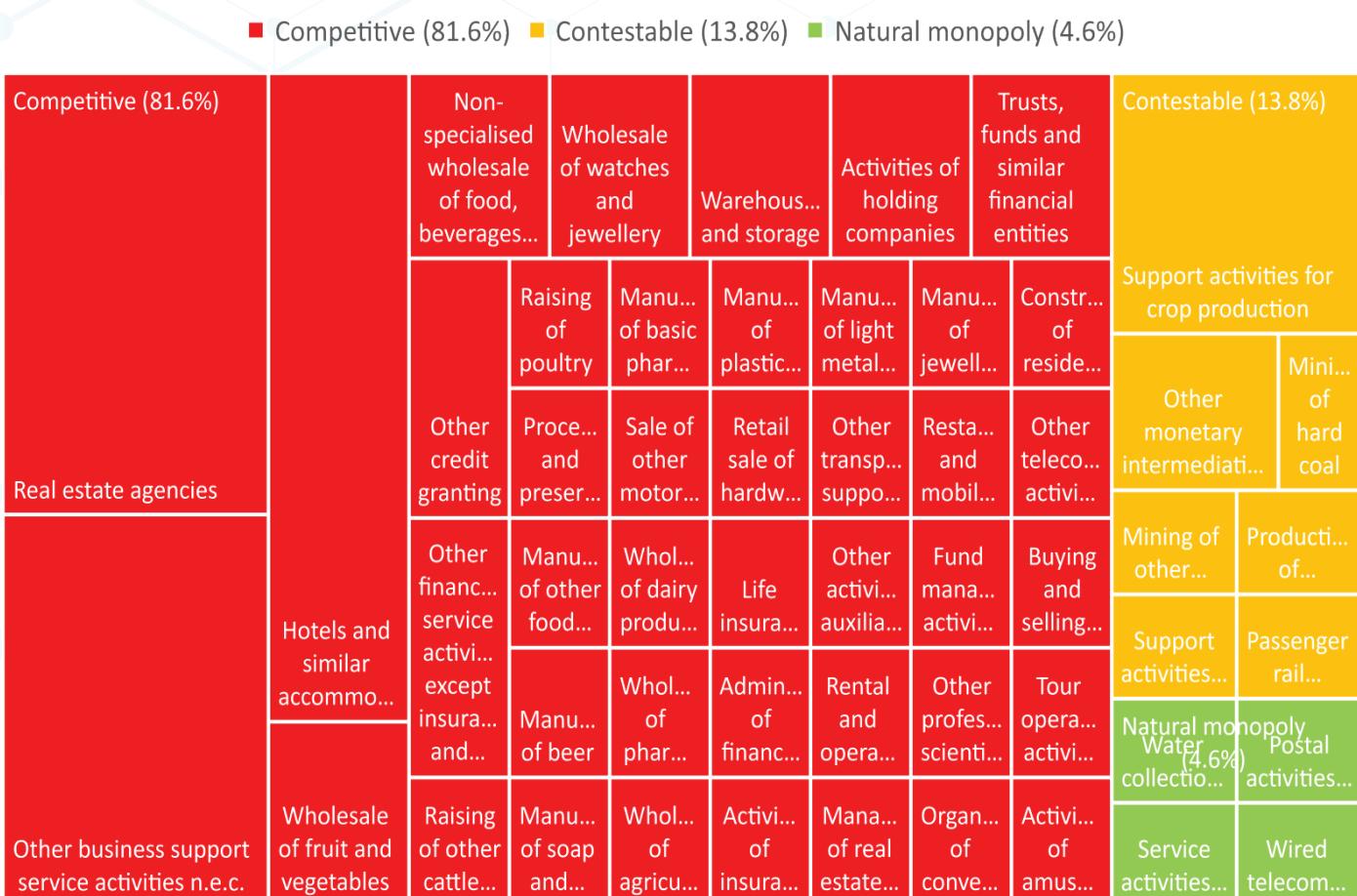


Source: Source: World Bank Global Businesses of the State (BOS) database. Information as of December 2019. **Note:** BOSs include direct and indirect ownership of the State of at least 10 per cent. (Stuart et al. 2023)

Begazo also highlighted that Botswana's domestic BOSs operate mainly (at least 71 BOS enterprises) in competitive sectors with a higher risk of distorting markets or in competitive segments of service sectors where private sector participation is commonly more feasible. She further pointed out that one BOS operates in around 10 per cent of the economic sub-sectors (excluding social sectors).

Botswana's domestic BOSs operate mainly in competitive segments of service sectors with a higher risk of distorting markets: 84 percent operate in competitive service sectors where private participation is commonly more feasible; 13% contestable and 4.5 % are natural monopolies.

Figure 4: Business of State (BOS) Operations in Botswana.



Source: World Bank Global Businesses of the State (BOS) database. Information as of December 2019. Note: BOSs include direct and indirect ownership by national and sub-national governments of at least 10 per cent. Percentages may not total 100 due to rounding.

Turning to Botswana's current rules of state assets, Begazo pointed out that they do not create the right incentives. Some of the rules she spoke to include.

- Rules that limit entry or reinforce dominance such as statutory /legal SOE monopolies exist in some sectors (e.g. electricity, water supply, rail transport and export of meat) as well as lack of unbundling (separation) of competitive and non-competitive activities.
- Rules that facilitate collusion or increase the cost to compete, for instance, the Botswana Meat Commission (BMC) sets prices of cattle.
- Rules that discriminate or protect vested interests (competitive neutrality) such the Competition Act, which does not apply to statutory monopolies; lack of clarity between distinction between commercial vs non-commercial activities of some SOEs and guarantees on SOE borrowing.

On reforms needed, Begazo suggested three key impactful and effective reforms to crowd in private sector including.

- Ensuring adequate market incentives and a level playing field before or beyond ownership changes.
- Changes in ownership are neither a necessary nor a sufficient condition for reform. The effectiveness of the reform relies on market incentives and discipline.
- Bringing in the private sector in markets with SOE presence includes a spectrum of options as a competitor, manager and full or partial owner.

Furthermore, Begazo suggested three key areas of reform which are critical to enable the private sector in sectors where BOSSs currently operate. These reforms include.

- **Better management of the BOSSs portfolio:** If retained BOSS/SOEs, improve transparency and monitoring, and performance incentives. Good Practice will entail evaluating the fulfilment of individual enterprises with government shareholdings (BOSSs) against financial and public policy targets set by the state owner and disclose non-commercial assistance. Examples suggested including Lithuania's Governance center and 'Korea's All Public Information in one'
- **Guiding principles to minimize market distortions:** This may involve identifying if commercial activities by the State are necessary and on whether private agents are interested and capable of supplying enough goods and services to meet demand

Key actions to consider include identifying opportunities for privatization, restructuring, or winding up of state-owned enterprises (SOEs). She further highlighted the need exploring economic principles to least distortive mechanisms (e.g., vouchers, subsidies to demand) and phase out state ownership where needed. For example, Chile retained SOEs in ports and focused on the pro-competitive design of public-private partnerships (PPPs) for port infrastructure and a new framework for private ports. Additionally, there is a revival of the privatization agenda in Africa, including in Morocco, Ethiopia, Egypt, Kenya, and Rwanda.

- **Better market rules/competition policy across the board to improve market contestability** that enable entry of potential (private) competitors to BOS and that remove explicit or implicit advantages granted to BOS. Furthermore, that ensure a level playing field between private enterprises and BOS. Key actions to consider include:

- Stronger regulators in sectors where SOEs are important and an active competition authority in the design of rules to open sectors to competition and PPPs. For example, Peru.

Elimination of restrictive product market regulations and ensuring competitive neutrality. For example, Korea.

ROUNDTABLE DISCUSSIONS

Along the theme for the discussion on the privatisation of state assets, several questions were posed to the panellists relating to the privatization of state-owned enterprises (SOEs).

Can you elaborate on the challenges and interventions related to the privatization of SOEs in Botswana, as well as what Botswana can achieve in terms of privatization in the next ten years?

Ishmael Joseph: Key achievements of the privatization policy include the implementation of rationalization strategies and the development of a state-owned ownership policy, which defines the establishment and closure of state-owned enterprises (SOEs). While privatization presents opportunities for private sector growth, the social context surrounding strategic SOEs necessitates partnerships rather than full privatization.

Several challenges currently hinder the process:

- Delays in implementation due to misalignment between PEEPA's interventions and Vision 2036 and national plans.
- Difficulties in sourcing adequate resources for the privatization process.
- Lack of clear communication among institutions responsible for executing privatization initiatives.

In the next ten years, Botswana can achieve significant progress by ensuring swift decision-making and implementing strategies to address the current slow pace of privatization. Establishing clear policies and authority for institutions involved in the process is essential. Additionally, aligning the privatization master plan with national plans is crucial for successful outcomes.

To the BSE CEO, the Chair started by requesting him to respond to the question, on the role of the Botswana Stock Exchange (BSE) in the privatization of state assets and its impact on economic growth.

In his response, Mr Kopano Bolokwe, highlighted that the Botswana Stock Exchange (BSE) plays a central role in the privatization process in Botswana. Listing state-owned enterprises (SOEs) on the BSE is expected to significantly enhance the exchange and contribute positively to the country's GDP through increased size and revenue, improved wealth distribution, and wealth creation. This, in turn, could help reduce the government's reliance on social safety nets. Additionally, the listing of SOEs may encourage other firms to follow suit, bolstering overall market activity.

The BSE remains an attractive venue for listings due to its investor-friendly environment, notably the absence of restrictions on foreign investors that are present in some other countries. However, some challenges inhibit the growth of listed SOEs. For instance, BTCL currently has a growth rate of only 2%, which is considerably lower than that of SOEs in nations like Egypt and Morocco.

While government support for the BSE's role in financial intermediation is evident, the relatively high level of government ownership can distort the price discovery process, resulting in low growth rates. To enhance strategic decision-making and governance, it is recommended that the board composition of listed SOEs includes 50% representation from the private sector.

Comments, Questions and Answers session

- **Skepticism regarding Government's role and privatization:** There was some scepticism surrounding the claim that the government is not providing enough opportunities to the private sector. In Botswana's case, the government has proven to be relatively efficient, especially when compared to other countries in the region. Botswana's strong institutions and governance have made it a model for other African countries. Given this efficiency, the necessity of privatization is questioned. There is also concern about the effectiveness of World Bank programs, which have not always worked well elsewhere. While the private sector is important, it could also disrupt the market and may not fully serve broader societal needs.
- **Collaborative Development of Government Structures for Privatization:** A key comment emphasized that the structures needed for successful privatization should be developed collaboratively by both the government and the private sector, rather than solely by the government. This collaboration is essential because privatization is a complex process that requires a balance between public oversight and private sector efficiency. The government ensures regulation and protects public interests, while the private sector brings innovation, market expertise, and agility. A joint approach fosters greater accountability, transparency, and inclusivity, reducing the risk of privatization disproportionately benefiting a few, and instead ensuring that it contributes to wider societal and economic goals.
- **Role of the Private Sector in the Privatization Process:** A question was raised about what PEEPA (Public Enterprises Evaluation and Privatization Agency) expects from the private sector to ensure that the privatization process is successful and contributes to private sector growth. The response included that the private sector engaging with the government on best practices for privatization. Furthermore, Business Botswana (BB) should play an active role in influencing public sector reforms. Lastly, ministries must set clear targets to support private sector growth while the private sector takes a proactive lead rather than waiting for government initiatives.
- **Ownership and Market Structure:** One attendee questioned the idea that government ownership has stifled the growth of entities like Botswana Telecommunications Corporation Limited (BTCL). It was noted that while entities are under government control, there are oversight mechanisms in place. However, listing these entities and transferring ownership to shareholders who receive dividends can shift the focus from public accountability to market-driven motives. The market structure, rather than just government participation, is seen as a key issue affecting performance.

Summary of the Deliberations and the Associated Conclusions and Recommendations are as follows.

- **Enhance Collaboration for Privatization:** Develop a collaborative framework between the government and the private sector to create effective structures for privatization. This partnership should balance public oversight with private sector efficiency to ensure accountability and inclusivity.
- **Improve Communication and Alignment:** Establish clear communication channels among institutions involved in the privatization process and align PEEPA's interventions with Vision 2036 and national plans to avoid delays and resource challenges.
- **The ownership structure of listed state-owned enterprises:** Enhance ownership by the private sector in listed state-owned enterprises to improve the price discovery process and ultimately enhance asset performance. This will encourage more strategic decision-making and governance, fostering growth and efficiency.

SESSION 5C: LINKING POVERTY AND INEQUALITY REDUCTION AND PRIVATE SECTOR GROWTH

OVERVIEW

Botswana is an upper middle-income country but has poverty rates that are much higher than in other middle-income countries. On a related note, Botswana also features among the 10 most unequal countries in the world. Partly due to the less diversified economy and significant reliance on the mineral sector, Botswana is vulnerable to economic and other shocks such as financial downturns, pandemics, and geopolitical events. This session addresses the subject of linking poverty and inequality reduction to private sector growth, further discusses Botswana's responses to external shocks.

Key issues to probe in this session may include.

- The state of poverty and inequality in Botswana and the adequacy of policy responses to address the problems.
- Whether the private sector should be concerned about poverty and inequality reduction? In other words, should policy making have space for linking private sector growth with poverty and inequality reduction?
- Whether the private sector should contribute to poverty and inequality reduction and how should it contribute? S
- Whether poverty and inequality reduction be the business of the businesspersons and how they should go about this?
- The effects of the recent shocks, especially the Russia/Ukraine War on poverty and inequality in Botswana.

- The (in)adequacy of the policy responses to the shocks and relentlessly rising inequality and slowly receding poverty by the government.

To begin the session, the chair and the panellists, each bringing a wealth of experience and insight (see, Volume 3 of the report for their detailed profile), guided the discussion on this important topic. They are as follows.

Chair: Mr Batho Christopher Molomo, National Planning Commission

Presenters:

- Etienne de Souza, UNDP Country Economic Advisor
- Johnson Maiketso, UNDP Country Programme Specialist – Economic Diversification and Inclusive Growth

Panelists:

- Dr Balazs Horvath (UNDP Resident Representative)
- Mr Nyendi Moloyi (Director PECU, Ministry of Entrepreneurship) -Virtual
- Lucky Mokgatlhe (Acting Statistician-General, Statistics Botswana)
- Hon Dr Gloria Somolekae (Senior Research Fellow, BIDPA)
- Mr Nathan Kgabi (Managing Director, Thito Holdings)

PRESENTATIONS:

PRESENTATION 1: Thematic Census Data Analysis

PRESENTATION 2: Botswana Welfare Mapping Using Mobile Phone Data

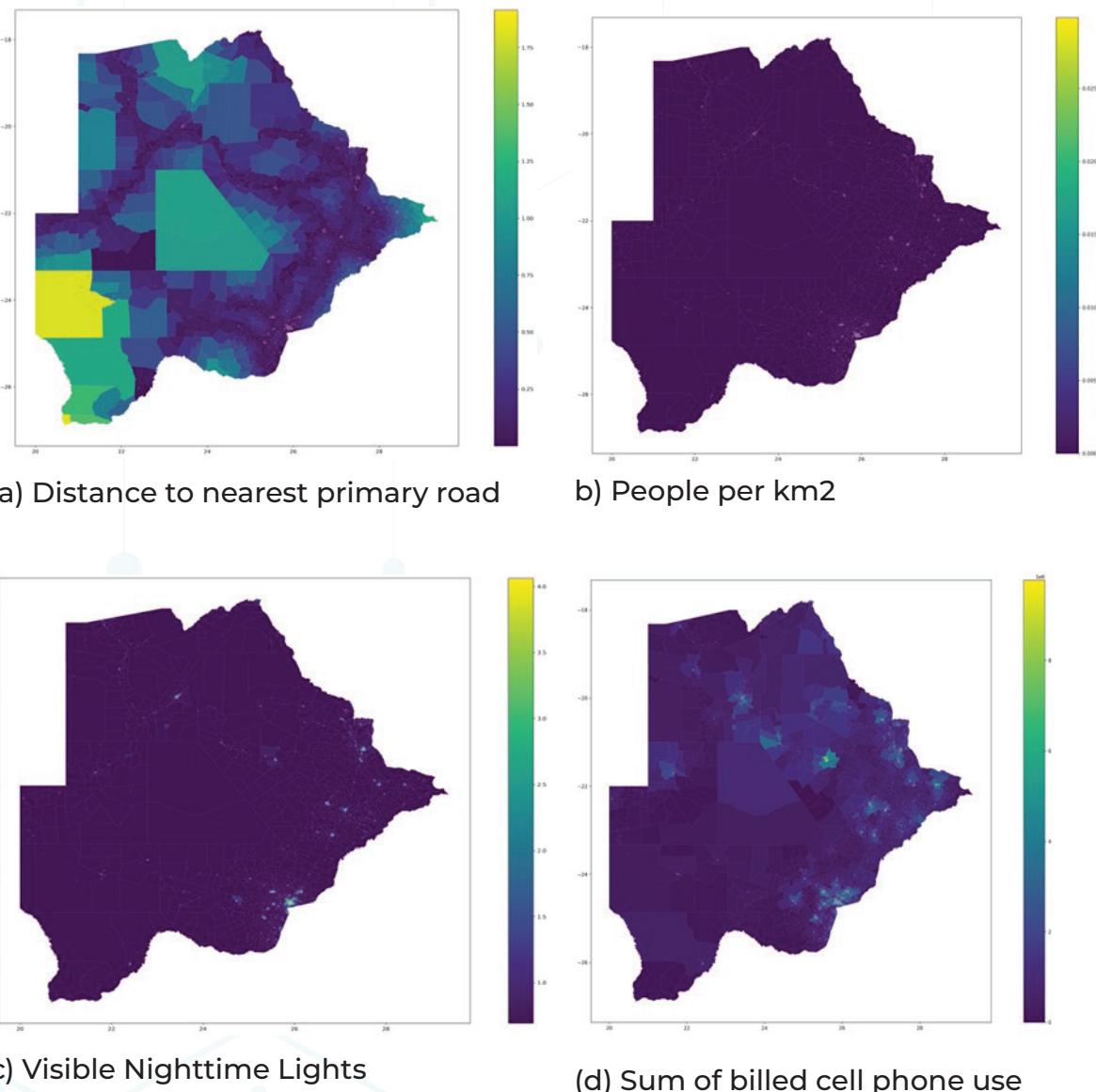
Etienne de Souza, UNDP Country Economic Advisor

Dr Etienne de Souza presented findings from several studies conducted by the UNDP to unpack poverty and the private sector linkage. The first paper was on Botswana Welfare Mapping using mobile data, which aims to analyse poverty and inequality in Botswana using anonymized mobile phone data and other sources of data. He highlighted that traditional methods of tracking poverty and inequality require frequent collection of household survey data, which can be very expensive and time-consuming. He indicated that previous studies have shown that poverty maps can be generated using Call Detail Record (CDR) data and have several advantages over other alternatives such as census data or spatial GIS data, as data is available at a super high frequency and is already being collected for other purposes.

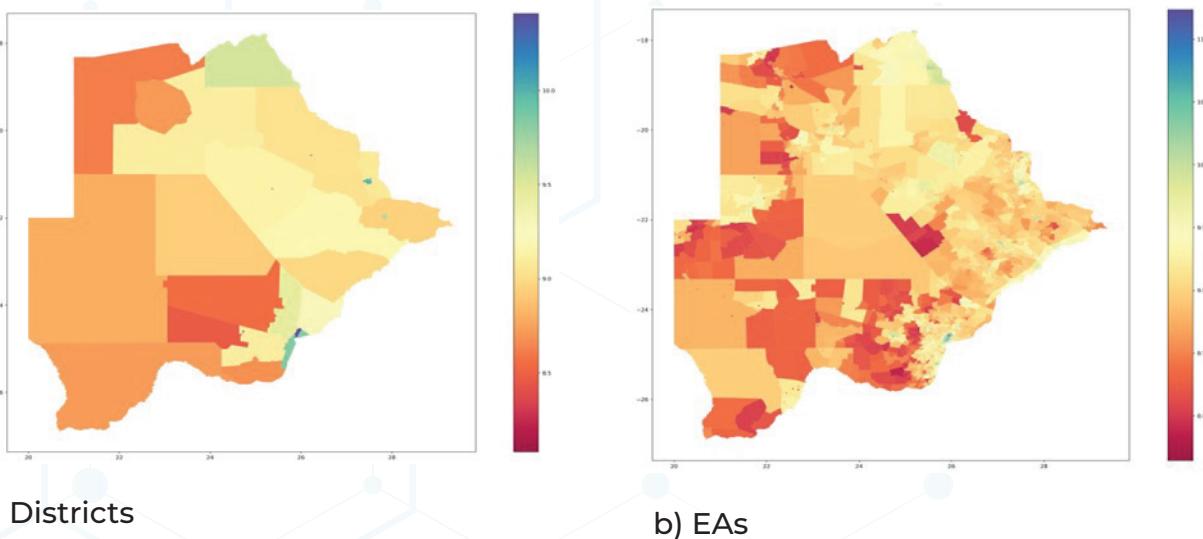
To predict welfare the study utilised several sources of data: 1) CDR from Mascom, 2) building footprints from Google, 3) location of primary and residential roads from

Open Street Map, 4) nighttime lights, and 5) The 2021 census. He added that to have a common unit of analysis, the census enumeration areas were used as they are the lowest level for which data is available from almost all data sources, including welfare data. Machine learning methods, specifically, the random forest prediction method were employed for estimation and implemented using the Python programming language. The figure below illustrates the spatial distribution of the selected data.

Figure 5: Spatial Distribution of the Selected Data

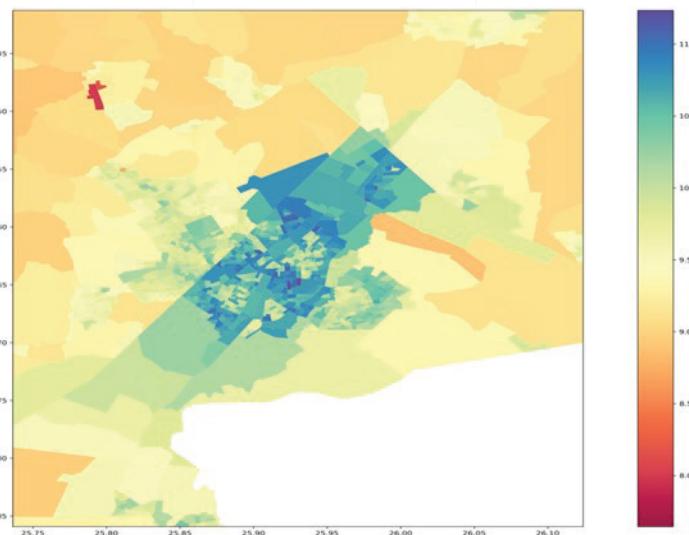


Based on the prediction model, the presenter stated that the median income level in each of the 6775 EAs and districts across the country was estimated as depicted by Figure 6 and Figure 5 shows the Gaborone area. He added that both levels are shown to illustrate that there is variation within districts, while districts in most cases are more relevant for policy and implementation

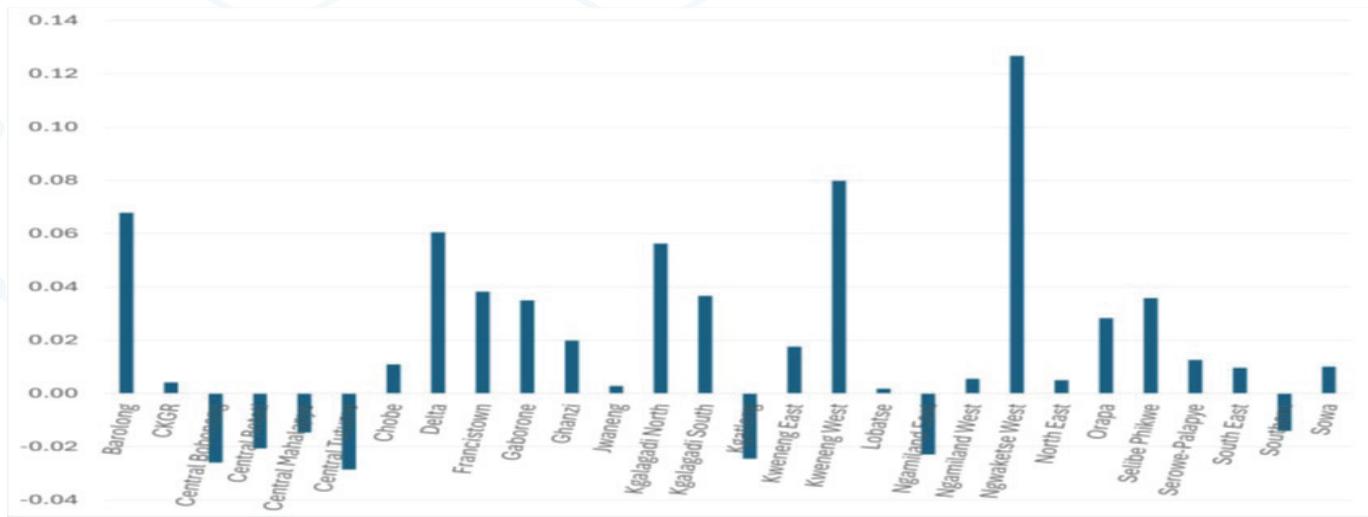
Figure 6: Estimated log median income 2022.

Districts

b) EAs

Figure 7: Estimated log median income in the Gaborone area

The presenter indicated that inequality was measured using the Gini coefficient and evident that inequality has increased in most districts including Gaborone, when comparing 2019 to 2022 (before and after Covid 19) as depicted in Figure 8.

Figure 8: Change in Gini Coefficient 2019 to 2022

PRESENTATION 3: Economic effects of Russia-Ukraine War on Botswana's Economy

Mr Johnson Maiketso, UNDP Country Programme Specialist

Mr Johnson Maiketso presented the second study by UNDP on the Economic impact on Botswana of the Russia – Ukraine War (RUW). He indicated that the approach adopted to explore the possible impact on Botswana's economy of war entailed undertaking simulations using a multi-sectoral, recursive dynamic CGE-microsimulation for Botswana of energy-economy interactions. He added that the impact of the RUW and policies were obtained by undertaking simulations with an integrated dynamic computable general equilibrium (CGE) model for Botswana (BotsfEM) that is calibrated to the 2016 social accounting matrix for Botswana, identifying 6545 households, and is run forward annually from 2016 to 2029.

He presented the results and highlighted that since Botswana is a net food and pure petroleum importer, higher global prices of food and fuel are adverse terms of trade and are expected to have a detrimental impact on socio-economic development, with adjustment costs larger for some economic sectors and vulnerable households. He stated that the model simulations demonstrated that the impact on economic activity is modest with GDP, measured from the expenditure side, falling by 0.7 percentage points in 2022 as indicated in Table 1. However, economic welfare, measured by total absorption falls proportionately higher than economic performance.

Table 1: Macroeconomic Impact of RUW

GDP_MP	-0.74	-0.19
GDP_FC	-0.08	-0.15
Total absorption	-2.84	-0.31
Private consumption	-4.42	-0.46
Total investment	-3.66	-0.42
Total exports	-2.00	-0.33
Total imports	-7.87	-0.61

Source: Author's Model Simulations

ROUNDTABLE DISCUSSIONS

Dr Balazs Horvath

Dr Horvath commended the use of mobile phone data to map poverty as it demonstrates the amazing potential alternative sources of data that exist already and just need to be utilised to solve any macro problem. However, he stated that there are severe constraints in accessing the alternative data, adding that it took them months to convince Mascom and assure them that they were not stealing any commercial data and compromising personal data. He commended Mascom for their contribution and urged other players in the private sector to come forth and provide data.

Dr Horvath indicated that extreme inequality exists in Botswana, which is why the upper-middle-income country status coexists with very high levels of poverty. He added that Botswana is not going to get rid of poverty to any meaningful extent unless it creates space for the private sector. What the private sector can do is entrepreneurship which is a form of providing livelihoods to people and a huge source of innovation and both formal and informal employment. He highlighted that currently, the country does not use one-third of the available youth and there is high youth unemployment. He added that it is the private sector that can create employment for the youth.

He stressed that the battle against poverty cannot be won unless the private sector thrives. If the private sector thrives, there will be pathways out of poverty, there will be access to opportunities, and there will be economic diversification, which is of course a very valid objective in the last 30 years.

He also added that the private sector has a fantastic avenue to gain and make gains for the country and that is the African Continental Free Trade Area agreement. Botswana is a small open economy, its market is not that big, but it has everything to offer to a lot of investors and for companies in Botswana to make Botswana the greatest exporter. The AfCFTA offers a great demand for Botswana and a lot needs to happen.

Dr Horvath recommended that there has to be a review of policies in Botswana to get rid of the inconsistencies in the policies. There are some policies which work against the purposes of other policies making the overall policy mix ineffective. He advised that there is a need to rethink the policy mix and then figure out how it can be made more effective and both the government and private sector have a role to play. He highlighted that the roles must complement each other. He pointed out that the role of government includes taxing the private sector fairly, and predictably and making the tax base as broad as possible. He stressed the need for the private sector to understand and know why and how they are taxed. He also advocated for the review of VAT and added that VAT without reforms is a monster and discourages value addition.

He cautioned that Botswana has a tiny private sector and a significantly large public sector and there are state-owned enterprises which do commercial activity and are self-regulating. He stressed the need to establish independent

regulators. He added that self-regulation is one of the reasons SOEs are inefficient and why the budget has to be paid to keep them afloat rather than them paying for the cost of capital that they have received from the government.

On mindset change, he stated that he very much agrees with the objective of mindset change, but highlighted that people react to incentives and therefore there is a need to complement the narratives with incentives to attract the people's attention. He highlighted the need to use foresight in formulating policies and filtering policies using regulatory impact assessment before the policies are implemented.

As his last point, Dr Horvath advised that there is an urgent need to move to effective de-centralization. He added that decisions have to be made at the level where the information is available, where the incentives are, and where the people understand the problems, they have to solve. Without de-centralization, he stressed that a lot of decisions will be made by people with limited understanding and the processes will be less efficient.

Mr Nyendi Moloyi highlighted that the pattern of poverty is the same throughout even though there are some peculiarities, particularly in Kweneng West and Ngwaketse West. The poverty rates were a bit high both multidimensionally and when using other measures, especially in Kweneng West. He added that the trend shows that there is a decrease in poverty in some areas and an increase in other places and, what is key is for policymakers and all relevant stakeholders to understand the trends and come up with relevant policies to address poverty.

He indicated that what he was picking from the presentation is the important role played by the private sector in terms of providing data or proxy data that can be used to measure poverty or wealth issues on a more regular basis. An example is the use of mobile phone data from Mascom to map poverty. He encouraged the private sector to continue sharing data because it is key, and data is not always readily available therefore it is important to use proxy data where possible to assist with coming up with interventions at an appropriate time.

On the link between the private sector, poverty and inequality reduction, Mr Moloyi indicated that the private sector plays an important role in reducing poverty and inequality. First, he highlighted that for the private sector to thrive there must be a conducive environment and once the private sector thrives, it will create employment and in turn reduce poverty and inequality. He added that some jobs for SMMEs usually are not sophisticated and do not require talent and most people living in poverty generally do not have many skills and can only be absorbed in semi-skilled jobs. He indicated that the multiplier effect of the private sector is huge, not only the livelihoods of people employed by the private sector are improved but their families as well.

He also shared that the other contribution by the private sector is in terms of the tax that they pay which helps infrastructure development. He emphasised that this is the role that the private sector plays unconsciously and there is a role that the private sector could play consciously. He stated the private sector must be aware of the environment in which they operate and must be willing to uplift the livelihood of those communities actively through Corporate Social Responsibility (CSR). CSR is mostly effective when the private sector knows and involves the communities around them to find the key challenges faced by those communities and find solutions. He gave an example of the Wealth Creation program run by the government to try and improve the livelihood of the poor across all the districts in the country and there is a need for private sector involvement.

The involvement should not necessarily be about just contributing funds but also about building the capacity of the disadvantaged to venture into businesses. He added that there are wealth creation committees in every district and stakeholders include the private sector as well, but the participation of the private sector has not been that good. However, he said the low participation could be that the government has not reached out enough and made a call for the private sector to get involved.

Lastly, he indicated that the private sector could come in handy in terms of measuring poverty. He stressed that the private sector has the resources and solutions and can develop software that will help with data capturing and analysis of poverty indicators.

Dr Lucky Mokgatlhe began by showing gratitude to UNDP for inviting Statistics Botswana to be part of the conversation. He highlighted that Statistics Botswana works with numbers and appreciated the presentation about the use of mobile phone data to map poverty. He noted that it is something they are vigorously pursuing as Statistics Botswana because they understand that for the country to make effective policy decisions, they should be dependent on up-to-date data. He added that the innovation is a welcome development because it will enhance the way data is collected. He highlighted that currently, the availability of timely data on poverty is a challenge because the data for levels of inequality and poverty is based on the Botswana Multitopic Household Survey (BMTHS) which is done every 10 years, and the last one was conducted in 2015/16. He stressed the importance of having alternative sources of timely data.

On the linkage between poverty, and inequality, he stated that several methods can be used to compute the poverty index. One is income-based, which is also called the monetary, and the other one is by looking at other factors or other dimensions, the multidimensional index, which seems to be the one that the world prefers. The multidimensional index has certain measures and covers three areas being health, education, and standard of living. He added that the standard of living measure, includes infrastructure, availability

of electricity, availability of clean water and improved sanitation. He highlighted that looking at the districts that seem to be lagging, as shown by the data, the poverty indicators are not reflective of the country's status as an upper-middle income, the indicators reflect lower levels of income. This shows that a lot needs to be done for the country to catch up.

In terms of infrastructure, the three districts that keep on showing with the highest poverty levels up are, Kweneng West, Ngwaketse West, and Okavango are the same districts are also lagging when it comes to infrastructure development. He indicated that the latest census shows that in Ngwaketse West, only 14% of households are connected to the national electricity grid. He added that census data also reveals a unique trend in terms of gender distribution; Ngwaketse West and Kweneng West are the only districts in Botswana with more men than women. He highlighted that there is a need to analyse further and look at the proportion of these households at the cattle post, because if they are in cattle posts, then the bulk of the people would be predominantly men.

Mr Mokgatlhe indicated that Statistics Botswana, continue to analyse the census data to try and unravel the linkage between poverty, inequality, and the private sector. He added that they recently released the Quarterly Multi Topic Survey, Quarter 1, 2024, which shows that unemployment has increased from 25% to about 27.5% and about 34,000 jobs lost in the informal sector. That alone is indicative of a problem because the informal sector, if cultivated well can contribute to the economy of this country. He urged policymakers to concentrate on the informal sector to make sure that it is nurtured so that all those who are involved can graduate into bigger companies in the formal sector. One of the ways the private sector can play a role in alleviating poverty is to bring the informal sector to a level where it begins to absorb the unemployed and contribute more than it does currently.

He stressed the need to use the available data to inform policy. In terms of inequality, he noted the inverse relationship between inequality and poverty, with poverty being high in rural areas and inequality high in towns. He added that in towns, there is a higher proportion of employed people, and one would think that's where inequality is low. This then begins to raise questions of whether those who are in the low-income bracket are paid enough for them to be able to sustain their families. He highlighted that this is another area that needs to be closely looked at and dealt with to address the issue of inequality.

Mr Nathan Kgabi, in addressing the matter, stated that the session was mainly on key linkages between private sector growth, poverty and inequality reduction and meant the private sector is pivotal in reducing poverty, income disparity and inequality. He labelled the Botswana situation as unique, because of a small population and a strong government that almost does everything. He added that hawkers need permission to sell on the streets, small-scale manufacturers are not allowed to do it from home and that's the biggest impediment to their growth.

He highlighted that several citizen economic empowerment strategies have been presented dating as far back as 1996. The strategies were advocating for home industries as a way of reducing costs. He highlighted that in other countries like China and India people are doing business from their houses and thus cutting costs like transport and rentals but in Botswana the regulations are strict. He also added that the other impediment is land use; allowing the private sector to use land for purposes that they believe will be productive and in turn create employment and reduce poverty. He added that the one-size-fits-all approach in land use does not work, and each village should be looked at on a case-by-case basis and accommodate the indigenous livelihoods of the people in the area.

He urged the private sector to leverage on SMMEs and capacitate them. He gave an example of a service by Botswana Post, DigiPost, which is a post office on a handset that is being rolled out to vendors in the informal sector like tuck shop owners. He highlighted that statistics are clear that many households are female-led, and it is women who are leading the informal sector. He also advised that while looking for investment, the focus should not only be on foreign direct investment as there are locals who are willing to invest locally as well. On CSR, he said every business needs to ensure they do it to impact the societies around them. He stressed that CSR does not have to be monetary, but they should take the communities they are operating within on board and grow with them.

Lastly, **Mr Kgabi** spoke on regulation, he indicated that when one wants to venture into business where regulation does not exist already, they are stopped instead of being facilitated and given waivers. He also added that when new regulation comes there is a tendency of crowding out existing businesses. He shared an example of funeral societies, an informal business when one wants to turn it into a micro-insurance dealing with bereavements only and NBFIRA does not have existing regulation on the model they want to adopt, they are rejected. He stipulated that this stifles private sector attempts to grow and create the necessary employment that will reduce poverty.

Dr Gloria Somolekae indicated that the first step for the country to successfully address poverty, inequality and unemployment is to accept that there is a problem and declare it as an emergency.

Second, she stated that there is a gap that needs to be bridged; there is a lot of research and studies that have been done but, there is a huge problem that this research is not finding its place in the policy agenda. We need to bridge the gap between the knowledge that is there and the evidence that is being used to formulate policy. She added that in 2018, there was a task team set up to come up with a public policy formulation framework. The realisation and acceptance at that time was that policies were just made haphazardly and not much evidence was being utilised and that now the country had to be intentional and structured to ensure evidence was utilised. She added that with evidence being the base of all policies the country will do better harmonizing and alignment of policies. She shared that once the weaknesses in the policy space are addressed, there will be effective implementation because there will be monitoring and evaluation.

She highlighted that currently, not many policies are monitored. Some monitoring and evaluation are done sometimes because there were development partners involved, and they requested. It is not part of our public administration culture and that is also leading to a problem of poor implementation. She stressed that if evidence-based policymaking and monitoring and evaluation are adopted as part of our public administration, there will be targeted inclusive policies that address the root causes of inequality, such as education disparities, access to healthcare, and job creation in diversified sectors.

She indicated that private sector contribution is crucial in poverty and inequality reduction. Businesses can contribute by creating jobs, offering fair wages, and investing in employee development, which directly improves the livelihoods of workers and their families. Additionally, businesses can engage in CSR activities that target community development, such as education and healthcare initiatives. She advised that perhaps the country should restructure and repurpose the way CSR is done. Giving an example of countries that have a fund, where companies contribute to and have incentives like tax rebates. Then using institutions like the Rural Development Council make sure that areas hard hit by poverty are targeted and assisted through the fund. She urged the private sector to come up with strategies to use the resources they contribute towards CSR to have more impact.

Lastly, on the issue of regulation, she indicated that regulation has been the main issue for many years and institutions and regulators need to be fully resourced to execute their roles and ensure regulation that doesn't inhibit the growth of the private sector.

Comments and Questions from the audience

Commenting on the discussions one delegate was of the view that mindset change must begin with government by doing away with policies hindering the growth of the private sector. She added that government officers should understand that their role is to facilitate the private sector not to be a barrier and they should work on their work ethics. She added that it was a good thing now that government coffers are running low, and the government is recognising the private sector's role. She highlighted the need to define the private sector and whether banks and corporates are part of the private sector. She added that once the private sector is defined there should be strategies in place for private sector growth both by government and the private sector to facilitate the development and poverty reduction. She also raised a concern about the language of engagement, she stated that engagements in fora like the NBC should be in Setswana for inclusion, especially the SMMEs. She also advocated that the conference attendance should be free to cater for everyone.

The second delegate was of the view that Botswana has been trying to diversify for the past decades and nothing has been happening which showed a lack of implementation. She cautioned that measures should be put in place so that it does not become the case with the fight against poverty. On CSR, she highlighted that it is haphazard and has to be legislated through policy. She added that legislating CSR with regular monitoring and evaluation will ensure it is standardised and drive the private sector to do more.

The third delegate indicated that the private sector is always looking for ways to produce their products cheaper be it through manual or automated work. He urged the private sector that as they adopt technologies and automate, they should also upskill and retool their workers so that they are not left behind. He also added that they work to identify opportunities but the biggest challenge they face is regulations that are not flexible and officers who are not ready to listen to proposals. He added that the best CSR is creating employment opportunities for the communities they are operating within.

The last speaker commented that the Competition and Consumer Authority at the moment is focusing on actual competition but leaving other forms of competition. She added that for successful and inclusive value chains, the Competition and Consumer Authority should also regulate backwards and forward integration, especially in the agricultural sector.

SPECIALISED SESSION 6

SESSION 6A: ACCELERATING GROWTH THROUGH AFCFTA

OVERVIEW

This session was intended to assess the main aspects of the private sector's readiness in Botswana to take advantage of the African Continental Free Trade Area (AfCFTA)'s opportunities, which combines 55 African economies into one competitive market. The session is intended to give a description or discuss the following.

- the AfCFTA (a brief history, objectives, and opportunities)
- The readiness of countries aiming to export under AfCFTA
- The obligations of governments and the private sectors under the AfCFTA
- The continental spread of the AfCFTA company.
- Foreseen opportunities/challenges and mitigations in place
- Future opportunities and challenges under the AfCFTA and how they will be mediated.
- Preparedness for Botswana (administratively, legally, and capacity)
- How the Government can assist domestic companies that wish to expand into Africa.
- Lessons learnt from other trade agreement.

To begin the session, the chair and the panellists, each bringing a wealth of experience and insight (see, Volume 3 of the report for their detailed profile), guided the discussion on this important topic. They are as follows

Chairperson: Ms Katlego Mokgethi, Executive Director, Market Players

Presenter: Mr Mohamed Ali, Director of Trade in Goods and Competition, AfCFTA Secretariat

Roundtable Panellists:

- Ms Harriet Mlalazi, Director, Rand Merchant Bank Botswana
- Mr Phazha Butale, Chief Negotiator, Ministry of Trade and Industry
- Mr Mohamed Ali, Director, Trade in Goods and Competition, AfCFTA Secretariat
- Mr Devendranath Chamroo, Senior Consultant, CITEC Ltd, Mauritius

PRESENTATION: An Update on the Status of Trade, in both goods and services under the AfCFTA Agreement

Mr Mohamed Ali, Director of Trade in Goods and Competition, AfCFTA Secretariat

In terms of trade in goods, 2024 marks the fourth year of tariff phasedowns. To date, 47 Provisional Schedules of Tariff Concessions (PSTCs) have been verified and adopted by the Council of Ministers – providing preferential treatment for goods coming from other African States. Progress has also been made in terms of the agreed rules of origin for the AfCFTA as they currently stand at 92.3 per cent. However, some chapters under the textiles and automotive sectors are still outstanding. Of particular emphasis, is the GTI, which is an initiative introduced to pilot and fast-track the implementation of the AfCFTA PSTCs, to drive meaningful commercial trade.

Regarding trade in services, five priority service sectors have been identified, namely, business services; communication services; financial services; transport services; and tourism and travel-related services. Although 48 trade-in service schedule commitments have been deposited with the AfCFTA Secretariat, only 22 schedules of commitments have been adopted and verified by the Council of Ministers.

Initially, when crafted, the AfCFTA Agreement was to focus on trade in goods, trade in services and the Protocol on dispute settlement. However, as the AfCFTA Agreement endeavours to ultimately create one African market, marking the start of a vision for a common market beyond trade in goods, it was prudent to initiate Phase 2 negotiations that include women and youth in trade; digital trade; investment; competition policy; and intellectual property rights. To make it more home-grown and fast-track implementation, some implementation initiatives to leverage the AfCFTA Agreement have been introduced. These include the adjustment fund – a fund facility by Afrexim Bank whose aim is to safeguard countries that will experience severe revenue losses; Pan-African Payment and Settlement System (PAPSS) – to enable traders to trade in their local currencies; GTI; Smart AfCFTA – which is still at an infancy stage and once operational will activate a digital platform that will enable B2B activities, including trade data analytics and trade opportunities on the AfCFTA Secretariat's website; as well as Biashara Afrika – a premium annual event by the AfCFTA Secretariat that provides an opportunity for the business community in Africa to participate and engage in B2B activities and to stimulate private sector engagement about the AfCFTA Agreement and its institutions.

With regards to the relevance of the AfCFTA GTI, the initiative came about following the Ministerial Directive for trade to start under the AfCFTA, whose implementation was hindered by the onset of covid-19 pandemic. This called for the AfCFTA Secretariat to be proactive in innovating initiatives that could turn around the status quo.

. In February 2022, in response to the fact that 55 African countries are at different stages of economic development and therefore were not all ready to trade under the AfCFTA Agreement at the same time, the AfCFTA Secretariat initiated the AfCFTA Guided Trade Initiative to drive meaningful commercial trade for those State Parties who were ready to trade.

In October 2022, the GTI was launched with 7 countries, namely, Tanzania, Cameroon, Rwanda, Mauritius, Egypt, Kenya and Ghana. The following factors determine readiness for participation in the GTI – (i) be a State Party to the AfCFTA Agreement; have a Schedule of Tariff Concessions (STCs) technically verified and approved by the Council of Ministers; submit the authorised signatures and specimen stamps of the AfCFTA certificate of origin to the Secretariat; gazette PSTCs according to national laws; establish an ad hoc or standing AfCFTA coordination Committee at national level; nominate designated competent authorities (DCA) to certify originating products; mobilise and connect businesses with other members of the GTI; as well notify Non-Tariff Measures (NTMs) required for export and import. The bulk of these requirements, that is, 90 per cent, are disproportionately the role of Governments. However, the private sector is the one doing trading and therefore needs to be able to trade and create trade deals with potential traders.

In 2023, stakeholder engagements were done with the following member states . It is important to also note that, in 2024, the number of countries trading.

under the GTI has expanded from the initial 7 countries to 39 countries – the bulk of new entrants being from the Southern African region. Products traded by these countries so far include products such as honey, meat products, powdered milk, ceramic tiles, etc, encompassing a mixture of agricultural and manufacturing products. The most recent developments include the Federal Republic of Nigeria and South Africa joining the GTI. Capacity-building initiatives have also been undertaken by countries such as Botswana, Ghana, Nigeria, Eswatini and Malawi. Engagements with Member States continued in 2024, with island states such as Cape Verde, Mauritius and Seychelles included.

The lessons learned as the implementation of the GTI continues to include the following: (i) the need for extensive national coordination is paramount; (ii) the importance of the national focal point or ad hoc committee that oversees the implementation of the AfCFTA Agreement; (iii) active participation of the private sector is of paramount importance;

(iv) the private sector needs to familiarise themselves with the AfCFTA operational tools such as tariff concessions, Rules of Origin manual, E-tariff book, Non-Tariff Barriers (NTBs) reporting mechanisms; as well as (v) the need for State Parties to willingly commit to engage bilaterally to address non-tariff barriers that hinder the smooth flow of trade among themselves.

Furthermore, it was also indicated that the Secretariat is working with Member States that are currently trading under the GTI to create AfCFTA Trading Companies (ATCs). The aim is to guard against large enterprises being the sole beneficiaries of the AfCFTA market as the ATCs will act as commercial intermediaries or aggregators for African Small and Medium Enterprises (SMEs), hence enabling SMEs to also participate. The essence of ATCs is therefore to create a network of companies that can do both exporting and importing within the Region. For example, in Ghana, the cocoa small holders aggregate themselves and the Ghana Cocoa Board trades on their behalf. It is anticipated that the ATCs will also provide support services such as financing and distribution, etc. Noteworthy to also mention is that the creation of ATCs does not give exclusive rights to these companies to access the AfCFTA market. If a private company feels it can do it alone, it is welcome to trade as such. Additionally, it is worth mentioning that the Secretariat has left the ownership of the ATCs at the discretion of the respective Member States.

In conclusion, Mr Ali emphasised the need for further engagements, sensitisation and awareness raising for the private sector on the AfCFTA operational model – for example, the private sector needs to engage further with their Governments on the list of their sensitive products, to determine which sectors are sensitive; the importance of concluding outstanding areas such as tariff offers in categories B and C; the need to accelerate work on the establishment of AfCFTA Trading Companies, shipping and logistics initiatives; as well as the need to encourage and strengthen the collaboration mechanisms and business to business matchmaking.

ROUNDTABLE DISCUSSIONS

By introducing the roundtable session, the Moderator reiterated the need for SMMEs to leverage enhanced collaboration to meet optimum quantities to export regularly. In this light, the private sector was urged to take advantage of the concept of ATCs, to pull the SMMEs together and ICBTs together to ensure that the private sector is competitive in the market.

The importance of both importers and exporters was also emphasised as it is crucial in Africa where firms need to source raw materials and finished goods to boost intra-African trade.

Brief description of the respective organisations and their link with the AfCFTA Agreement. Harriet Mlalazi highlighted that RMB is a corporate investment banking segment of the First National Bank Botswana. First National Bank services a large segment of SMMEs, which are critical for the AfCFTA market.

Mohamed Ali pointed out that the Trade-in Goods Directory deals with trade-in goods-related issues such as market access, standards, Rules of Origin (RoOs), trade facilitation, competition issues, etc.

Devendranath Chamroo, is a consultant in the areas of trade, investment and industrialisation. In the past, he was involved in trade negotiations. He has developed export strategies for AGOA, COMESA and EPA as well as investment strategies for countries in the past.

Phazha Butale – He is the Chief negotiator for Botswana, responsible for leading Botswana in trade and investment negotiations.

How can the AfCFTA Agreement provide business opportunities that will enhance industrialisation in Botswana?

Phazha Butale- The AfCFTA Agreement gives Botswana an enhanced value proposition to make Botswana an investment destination of choice, for both domestic and foreign direct investors, allowing Botswana to participate in regional value chains such as agro-processing, manufacturing, textiles, automotive industry etc. By extension, this accords the country the leverage to turn around its manufacturing sector's capabilities, fuelled by market access opportunities provided by the AfCFTA market.

How ready is Botswana's private sector to take up these business opportunities? As a bank, how is Rand Merchant Bank (RMB) helping the private sector? Secondly, how are you harnessing PAPS to ensure that businesses in Botswana can make payments across the region?

Harriet Mlalazi – RMB is not yet coordinated in its approach to take advantage of the AfCFTA Agreement. The ecosystem is currently disjointed. There is still more to be done in pulling SMMEs together and breaking the silos mentality. Therefore, the need to capacitate entrepreneurs and handholding them cannot be over-emphasised. Notwithstanding this, FNB has a programme that has been created specifically to capacitate SMMEs. The gap remains in the facilitation of payments. While there is the SADC RTBS (FNB/RMB has enrolled in it), whose main aim is to make real-time payments within the bloc, there remains an urgent need for commercial banks to enrol in this facility. Payments and ease of making payments are not yet a reality in the bloc, amidst the existence of PAPS.

What challenges are there in Botswana that warrant the Bank of Botswana not leverage PAPS as the uptake is only positive in East Africa?

Mohamed Ali – Already there is a facility in the Southern African region, namely, the SADC RTBS, which Botswana can take advantage of. West African region is mostly challenged as the idea of PAPS is new there.

What are the biggest challenges experienced by the private sector and how can those challenges be addressed to enable the private sector to access the AfCFTA market?

Devendranath Chamroo – With SACU and SADC's existence spanning since 1910 and 1980, respectively, it is obvious Botswana's firms are not running short of markets. The key question is what should Botswana do differently this time around to fully take advantage of the additional AfCFTA market? The AfCFTA Agreement has already been ratified, why then is the private sector not utilising it to its advantage? It is increasingly evident that before the signing of trade agreements, a consultative process between the Government and private sector must take place, to raise awareness of the private sector and for the private sector to appreciate business opportunities therein in the trade agreements. Access to updated information about the AfCFTA Agreement, such as on how to trade under the Agreement and what the region needs, is critical for the uptake by trading firms. Therefore, the AfCFTA Agreement should be used to leverage on industrialisation and investment aspirations of the country, to increase Botswana's product base. For this to happen, the entrepreneur, products and the country must be export ready.

Zooming into SMMEs and the ICBTs arena, how can the youth and women traders be supported? Do we have one ATC in Botswana that is ready to trade under the AfCFTA's GTI space?

Phazha Butale highlighted that SMMEs should cluster and take advantage of economies of scale, with a view to producing certified, originating Botswana products that can break into the AfCFTA market without incurring customs duties. Already the domestic business environment is conducive for new entrants to break into the export markets. For example, there is access to trade finance for firms that are willing to partake in cross-border trade; the Government is in engagement with the private sector; there is a change in mindset that Africa can spur intra-African trade; and finally, the Protocol on women and youth will spur the previously disadvantaged segment of women and youth to also benefit from cross-border trade.

Why is SADC not embracing the issue of a single market? What can we learn from other RECs such as ECOWAS where some countries share passports?

Mohamed Ali – To put this into context, 42 countries signed the AfCFTA Agreement on the 21st of March 2018 and out of those only 4 countries signed the Protocol on the Free Movement of Persons (which is only 10 per cent of the countries that signed the AfCFTA Agreement). This shows that there seems to be reluctance when it comes to enabling the free movement of people within the region. The AfCFTA Agreement is not mandated to actualise the general movement of people in the region. However, it is important to note that within the Protocol in trade in services, the AfCFTA Agreement has a special provision for businesses. For example, a person can apply to be recognised as an AfCFTA businessperson. While this may be deemed as not adequate, at least it is a step in the right direction.

How have RMB and FNB been able to harness the talent within the Southern African Region and use FTAs such as SADC as a brand, over time?

Harriet Mlalazi – RMB and FNB made a deliberate decision to collaborate with their peers in the Region. However, it is key to note that Botswana's firms can produce and manufacture products domestically without relying on South Africa for everything. The same sentiments have been echoed in a Report on "Where to invest in Africa", where the Botswana Team (FNB and RMB) also participated in the drafting of the Report.

If the issue of regional hubs is taken into consideration, RMB can be drafted for the rest of the region as Botswana needs the African market because of its small domestic market.

There is a need to model regional value chain efforts that favour all participating countries. How do we ensure that Botswana also benefits from these value chain development efforts?

Devendranath Chamroo – Integrating raw materials from the region is the only way to optimise regional value chains. Therefore, there is an urgent need to integrate regional value chains into Botswana's processes. However, currently, the eco-system is not conducive for SMMEs to thrive in the export markets. To turn around this situation, there is a need to develop an enabling eco-system so that increased trade can occur; revisit Botswana's industrial strategy; revisit tax incentives; and promote the use of e-commerce platforms.

What next steps to taken to ensure increased utilisation of the AfCFTA Agreement in Botswana?

Phazha Butale – Botswana has signed the Guided Trade Initiative to optimise trading in the AfCFTA market. Furthermore, the country will continue to explore e-commerce platforms, to ascertain their potential to promote increased trading within the region.

Discussions and Questions

The discussions centred around the urgent need for reforming the trade facilitation governance framework, including immigration policy; the importance of pursuing an economic transformation agenda, focusing on export diversification; sticking to the original structure of the Trade in Goods Association instead of developing another structure such as ATC, which is already well known; as well as whether FNB has any plans to expand to other currencies.

Responses from the presenters

The issue of harmonising visa requirements across countries remains critical. For example, trading firms are inclined to trade with firms in countries that do not require visas such as Rwanda. It should also be noted that the AfCFTA Trading Company initiative is for the benefit of SMMEs. It is not to be construed as the only initiative that pulls together traders. In addition, the goal for value chain development should be centred around specialisation based on the

That is, to develop value chains, Botswana should specialise based on the needs of the African market. There is a plan on currencies such as Pula and USD that is in the pipeline, and implementation of this initiative will involve the input of central banks in other countries. Delays in payments largely occur in countries where there are exchange control obligations. Discussions on how to make payments seamless continue to take centre stage.

Summary of the deliberations and the associated conclusions and recommendations are as follow

- Focus should be on Botswana's firms participating in regional and global value chains, specialising on sectors that Botswana has a comparative advantage on such as textiles, agro processing, etc.
- Botswana's industrialisation policy should be crafted around what the region needs (market access), that is, a product-oriented industrialisation policy.
- Revisit the ecosystem to develop an ecosystem that is SMME-friendly.
- African think tanks, academics and practitioners need to collaborate with the AfCFTA Secretariat on research regarding the exploration of regional value chains and the AfCFTA framework on Special Economic Zones (SEZs) and the Guided Trade Initiative.

SESSION 6B: EMPOWERING THE HEALTH SECTOR FOR EFFECTIVE SERVICE DELIVERY

OVERVIEW

The objective of this session is to discuss emerging opportunities and challenges facing the growth of the private health sector in Botswana. As is the case in other jurisdictions globally, Botswana's private health fraternity is part of the answer to the provision of universal health coverage. The growing fiscal constraints on government mean that the private healthcare sector urgently requires solutions to further contribute to universal healthcare access while remaining viable as a business. While nascent, Botswana's private health care includes providers in training, pharmacological services, private clinics and private hospitals, health equipment supply, financial services, emergency healthcare, and specialists of various persuasions.

To begin the session, the chair, and the panellists, each bringing a wealth of experience and insights (see, Volume 3 of the report for their detailed profile), guided the discussion of this topic. They are as follows.

Chairperson: Professor Doreen Ramogola-Masire (Deputy Vice-Chancellor, University of Botswana)

Roundtable Panelists:

- **Mr Moraki Mokgosana, CEO, Bomaid**
- **Mr Kutlwano Mswela, Director, Prime Health Clinics**
- **Professor Oathokwa Nkomazana, Permanent Secretary, Ministry of Health**
- **Dr Kgosidialwa Mompati, Managing Director Riverside Hospital**

ROUNDTABLE DISCUSSIONS

In introducing the session, Professor Ramogola-Masire stated that health services are a basic need and a basic human right.

The panel took the audience through the history and evolution of the health care system in Botswana, highlighting the country's success stories in dealing with infectious and transmissible diseases like tuberculosis, diarrhoea and maternal health problems. Dr Mompati highlighted the strategy taken by the country in tackling these health conditions. These include case finding, case holding, contract tracing and effective treatment.

The Botswana health system was however greatly affected by the emergence of HIV/AIDS and efforts in the health care system were now directed towards preventative causes in dealing with the virus. However, HIV/AIDS unlike other pandemics, lasted longer and a lot of resources were used in dealing with the virus and its preventive strategies. Despite all the challenges that the health sector was going through at the time, Botswana remains one of the countries with a well-functioning primary healthcare system. Besides investments in manpower development, the country has made great strides in primary health care as it relates to children with excellent immunization track records.

In discussing the role the private sector plays in the health care system, the panel echoed noted that there remain many challenges, and that there exists opportunities to leverage digital technologies to enhance access to private health care. The opportunities borne out of digitizing the health sector would require a great degree and need to reevaluate new ways of doing things and effective collaboration to utilize the existing structures while providing health services more cost-effectively.

A foremost challenge of Botswana's health sector is that it was benchmarked using South Africa, and the United States which is one of the most expensive in the world.

To be effective, Botswana must regulate the prices of its health care based on its economic conditions and that of its people. Only 16 per cent of Batswana are insured, and half of that 16 per cent is still through government government. Similarly, in this small number, a large proportion still face a shortfall in their covers with medical aid and that therefore means the government still spends a lot of money in providing for those shortfalls. Very often, for a patient who has catastrophic health situations, no matter their coverage, their allocation gets exhausted every year and the government has to take over through medical fees; a budget that is allocated for care outside of the public health system.

SESSION 6C: HIGHER EDUCATION SECTOR AND THE PRIVATE SECTOR-LED ECONOMY

OVERVIEW

Botswana's transition to a knowledge-based economy presupposes a robust tertiary education sector, with equally strong private tertiary institutions playing a role in various critical dimensions of research and innovation, technology transfer, and other aspects of human capital formation, such as entrepreneurship training. An effective private-led tertiary sector must provide the skills, innovation, and technologies required to boost economic growth. From critical investments in teaching and learning to infrastructure provision.

However, private tertiary educators are businesses that require incentives and support measures from the government to thrive. These include appropriate regulatory and licensing regimes and incentives to enhance investment in education. As the government's fiscal position comes under increased strain, the role of private venture capital in attracting investments into education must also be investigated.

This session discussed the 'terms of debate' on enhancing private tertiary education, around areas such as the following:

- Meeting the tertiary education funding: opportunities and challenges.
- Rethinking innovative measures to expand access and equity in the private tertiary education sector.
- Rethinking the market relevance of tertiary education programmes.
- Is there competitive neutrality in tertiary education? Why does it matter, and how can we achieve it?
- Infrastructure matters in higher education – post Covid-19. How can higher education institutions respond better?

- Nature and content of collaborative opportunities in the private sector in tertiary education for enhancing the role of the private sector.

The panelists were as follows.

Chair: Mr Harold Matenge, Head of Ecosystem Banking, Absa Bank Botswana

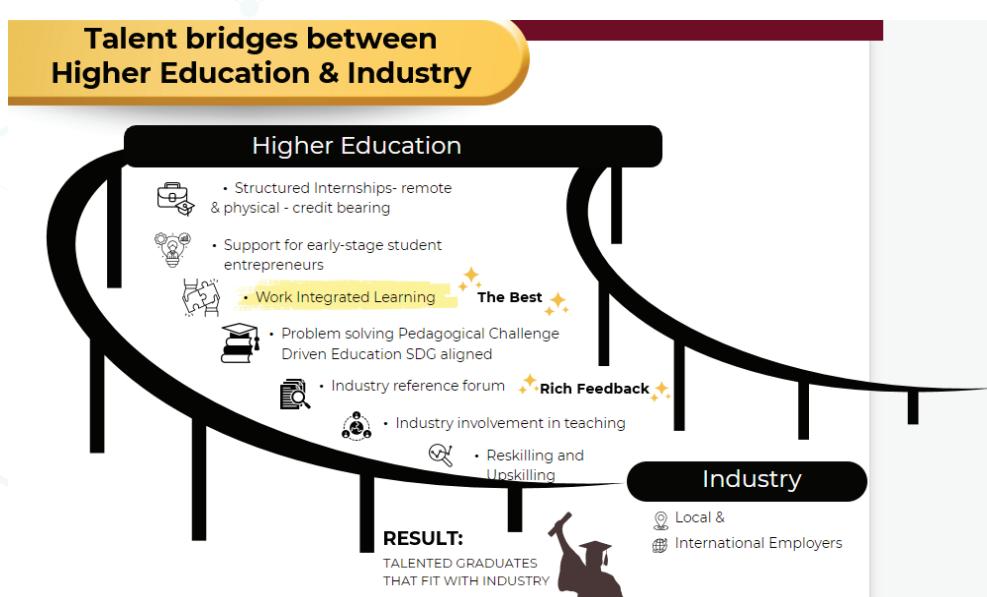
Roundtable Panellists:

- **Dr Tiro Mampane, Founder and President, Boitekanelo College**
- **Dr Sheela Ram, Vice Chancellor, BOTHO University**
- **Dr Samuel Mosweu, Manager, Registration and Accreditation of Higher Education, Botswana Qualifications Authority**
- **Ms Serty Leburu, Executive Director, Botswana Accountancy College**

ROUNDTABLE DISCUSSIONS

Dr Sheela Ram started the discussion by buttressing the fact that higher education is the game changer in any economy. She emphasised the need to produce graduates who can work anywhere in the world, noting the need for tertiary institutions to produce quality graduates with industry relevant skills. Dr Ram alluded to the fact that current technology is causing disruptions, and the question is how fast tertiary education can align with the changes. She mentioned that higher education should be seen as a supplier of talent, and the industry as the consumer of that talent. Figure 9 shows the interconnectedness of industry and higher education as presented by Dr Ram.

Figure 9: Bridging talent between higher education and industry



In bridging talent between higher education and industry, as shown in Figure 9 above, Dr Sheela Ram proposed the following

- Structured Internships:
 - Higher Education: Universities and colleges should establish structured internship programs that provide students with real-world experience in their field of study. These internships should be well-organized, with clear objectives and outcomes, ensuring that students gain practical skills and knowledge.
 - Industry: Companies should collaborate with educational institutions to offer internships that are aligned with industry needs. This partnership can help ensure that students are well-prepared for the workforce and can contribute effectively from day one.
- Support for Early-Stage Student Entrepreneurs:
 - Higher Education: Institutions should create incubators and accelerators to support student entrepreneurs. Providing resources such as mentorship, funding, and networking opportunities can help students turn their innovative ideas into viable businesses.
 - Industry: Businesses can offer support by providing expertise, resources, and funding to student-led startups. This collaboration can foster innovation and create a pipeline of new talent and ideas for the industry.
- Work Integrated Learning:
 - Higher Education: Incorporate work-integrated learning (WIL) into the curriculum, allowing students to apply theoretical knowledge in practical settings. This can include co-op programs, apprenticeships, and project-based learning.
 - Industry: Companies should participate in WIL programs by offering placements and projects that provide students with hands-on experience. This helps bridge the gap between academic learning and practical application.
- Problem-Solving Pedagogical Challenge:
 - Higher Education: Develop curricula that focus on problem-solving and critical thinking skills. Encourage students to tackle real-world challenges through case studies, simulations, and collaborative projects.
 - Industry: Partner with educational institutions to present real-world problems for students to solve. This collaboration can provide fresh perspectives and innovative solutions to industry challenges.
- Education Sector SDG Aligned Driven Industry Foundation Curriculum:
 - Higher Education: Align educational programs with the Sustainable Development Goals (SDGs) to ensure that students are equipped to address global challenges. This includes integrating sustainability, ethics, and social responsibility into the curriculum.
 - Industry: Support educational initiatives that align with the SDGs by providing funding, resources, and expertise. This partnership can help create a workforce that is prepared to contribute to sustainable development.

- Rich Feedback:
- Higher Education: Implement systems for providing students with detailed and constructive feedback on their performance. This can help students understand their strengths and areas for improvement.
- Industry: Offer feedback to interns and new graduates to help them develop their skills and improve their performance. Constructive feedback can guide their professional growth and ensure they meet industry standards.

Dr Ram concluded that through the implementation of these strategies, higher education institutions and industries can work together to produce talented graduates who are well-prepared to meet the demands of the workforce. She emphasized that collaboration ensures that graduates have the skills, knowledge, and experience needed to succeed in their careers and contribute to the growth and innovation of their respective industries.

Ms Leburu stated that for the private sector-led economy to thrive, higher education institutions must research to map what needs to be done and address the identified gaps by providing the necessary skills. She also highlighted research challenges and emphasized the need for collaboration amongst higher education institutions and the private sector as well as the types of collaborations the two parties could embark on.

Ms Leburu highlighted the following as challenges that hinder the translation of academic research into marketable products:

- Lack of collaboration: There is insufficient collaboration between higher education institutions, industry, and government. This lack of synergy means that academic research often remains within the confines of universities and does not reach the commercial sector where it can be developed into marketable products and services. Without strong partnerships, research findings are not effectively communicated to industry stakeholders who could potentially commercialize them. This results in missed opportunities for innovation and economic growth.
- Poor funding of research for commercialization: There is inadequate funding allocated specifically for the commercialization of research. While there may be funding for basic research, the financial support needed to develop prototypes, conduct market research, and bring products to market is often lacking. Without sufficient funding, promising research projects may stall at the development stage. This lack of financial support can prevent innovative ideas from being transformed into viable products and services that can benefit the economy.

- Challenges due to regulatory inefficiencies for instance, leading to delayed registration of courses that are often market driven.

Ms Leburu reemphasized the value of collaboration between the government and the education sector - in driving economic growth, through the following potential areas:

- Curriculum development
- Research and innovation.
- Infrastructure development
- Creating access and equity for all, as education is a public good
- Regulate research through BQA.

Ms Leburu further deliberated on opportunities associated with various types of collaboration (see, Figure? above) which include the bilateral (government and higher education institutions), trilateral (government, higher education institutions and the private sector), and quadrilateral (government, higher education institutions, private sector, and community engagement). Opportunities associated with such collaboration include curriculum development, research and innovation, infrastructure/ technology development, creating access and equity for all as education is a public good, policy development and thought leadership.

Dr Mosweu started by providing a brief background on BQA. He mentioned that BQA performs external quality assurance on programs offered by tertiary institutions to ensure compliance with set standards. He stated that BQA works with various stakeholders to ensure the delivery of quality education, and outlined the processes undertaken to ensure quality assurance as follows:

- Register and accredit higher education institutions as entities that deliver higher education and training.
- Register the qualifications that institutions want to offer.
- Accredit learning programs that institutions want to offer.

These processes ensure that there is quality education offered across different institutions for both the local and the international market.

Dr Mampane noted that education is multifaceted and there is a great connection between education and economic development. He emphasized the importance of producing market ready graduates..

He asserted that the education sector is often blamed for not producing graduates who are job ready, and he called on the private sector to reconsider whether they are producing enough jobs to absorb the graduates. He challenged the private sector to grow the economy which can absorb graduates

He stated that his institution has a good relationship with the Ministry of Health and pointed out that there is room for improvement to ensure closer collaboration between the private and public sectors. He noted that the Ministry of Education and Skills Development used to manage the Education Hub which helped private institutions penetrate markets outside Botswana, and called for its continuity since it made it easier for their institutions to be embraced in foreign countries.

Questions and Answer Session

Where exactly do you think the challenge is? Do you see the private sector, the public sector and the regulator collaborating?

Dr Mosweu: There is engagement between BQA and its stakeholders, but I must admit that the engagement is not at the level at which one wishes it to be. BQA currently works with professional bodies to ensure that the learning programs offered are relevant and fit for purpose, i.e. they run the right learning programs that offer skills knowledge and competencies that are needed by the industry. There are a lot of unemployed graduates due to skills mismatch, hence more must be done. One challenge that the BQA is facing is that the professional bodies that it is trying to work with are relatively new..

As a specialised education provider, what would you say is your strength in shaping the relationship between higher education and the private sector?

Ms Serty Leburu highlighted that technology is bridging the gap between higher education and other stakeholders. BAC has come up with a course on data analytics due to feedback from the industry students.

Secondly, she noted that entrepreneurship brought higher education and the industry together, giving an example of partnerships between BAC, BITC and LEA.

She also mentioned that as BAC, they listened to the industry, for example through emphasising self-employment since industry cannot absorb all learners into internships. Ms Leburu revealed that currently there are flourishing businesses that have been started by BAC graduates. Nonetheless, she decried that there is a lack of appetite from the industry to risk and invest in their initiatives..

Dr Mampane noted that a major challenge is in regulations. He alluded to the fact that it takes a long time for approval of programs/courses their institutions want to offer. He said this negatively affects the Higher education sector because by the time the courses are approved students have already enrolled in other programs. He said the delay contributes to high unemployment rates as more graduates from already oversubscribed programs/courses are produced.

Dr Mosweu confirmed that there are challenges when it comes to the implementation of BQA regulations, adding that during the establishment of BQA there were gaps in planning. He attributed most of the delays and inefficiencies to the lack of synergy between the BQA Act and other Acts particularly of professional bodies that Higher education institutions are affiliated with. He lamented that, acts that came before the establishment of BQA are in contradiction to the provisions of what is contained in the BQA Act, hence the hiccups.

Comments from the audience

Most attendants buttressed the importance of collaboration in ensuring that education has a role in private sector growth. Other comments included the need to have an inclusive education that caters for all.

PLENARY SESSION 7: GETTING IMPLEMENTATION RIGHT: MINDSET CHANGE, ACCOUNTABILITY & CULTURE

OVERVIEW

This session addressed the subject of implementation by tying together the subjects of implementation capacity, mindset change, and attaining optimal accountability. Poor policy implementation is a longstanding, persistent challenge for Botswana's economic growth. Projects are invariably delivered late, over budgeted costs, or at suboptimal quality. As the subject transcends both the public and private sectors, the session addressed some of the cultural practices that must be transcended by actors in either sector to realize optimal implementation.

The panelists were as follows:

Chair: Mr Steven Bogatsu, CEO, First National Bank of Botswana

Presenter: Mr Oabona Kgengwenyane, Managing Director, Innolead Consulting

Panelists:

- Ms Matlhogonolo Mponang, Group Executive Head of Human Resources, Debswana
- Dr Burton Mguni, Former Statistics General, Statistics Botswana
- Ms. Jeanette Chanda Makgolo, Commissioner General, BURS
- Mr Oabona Kgengwenyane, Managing Director, Innolead Consulting

PRESENTATION

Mr Oabona Kgengwenyane

Managing Director, Innolead Consulting

In his presentation, Mr Kgengwenyane, stated that it takes both the private sector and the government to ensure successful implementation, in order to ensure economic growth and employment creation. He decried red tape in the public sector which impedes implementation, and urged government to act on this. Mr Kgengwenyane further decried the overpricing of projects by the private sector especially when doing work for Government. He blamed the overpricing on poor project planning and management which is evident, in the public sector. He called government to scrutinize projects and have a transparent project management system to ensure value for money.

Implementation mindset

Believe in our people and reduce the use of development agencies and foreign firms for local work.

-Accept failure for progress.

-Live the Bold in the vision for high Return on Investment Projects e.g. solar energy.

-Bold with innovation GERT and digitalization

He emphasized the need for establishing an innovation fund such that innovators can benefit from it. In addition, he encouraged participants to increase their uptake and use of Artificial Intelligence (AI) and advocated for the establishment of a national AI centre. He talked about the potential of AI to create jobs that are much needed in Botswana, particularly for the youth. Kgengwenyane encouraged legislators to start debates on the use of AI in Botswana and assess the readiness of the country especially the legal framework that would

People

- National Values Survey to manage the transition from Social Authoring to Self-Authoring to manage middle-income trap life crisis!
- Scale up Private and Public Service Leadership to be entrepreneurial and evolve from largely Reactive Leadership to Creative / Integral Leadership
- Leverage talent in the diaspora
- Systemic reversal of Inequality (time bomb)
- reduce or better target social welfare packages / mananeo

Innovation

- Justification for Awarding Project to Foreign Entities
- Robust National Innovation System (Commitment to Science, Technology & Innovation policy implementation) e.g. 2% GERD
- Private Sector innovation systems (Local Branches and localized R&D incentives)

ROI Growth Projects / Economy

- Prioritization and Implementation of high ROI mega projects with robust PM processes (governance and controls)
- Urgent attention to education challenges and position Botswana to be top class in PISA globally (not Africa!)
- Leverage Sovereign Wealth Fund for intentional global investments and participation in global 10x tech space (Diversification)
- National AI Centre.

ROUNDTABLE DISCUSSION

Dr Mguni stated that for Botswana to get implementation right, it must be supported by evidence for decision-making purposes. He emphasized the need for data which will be used as evidence to strengthen the decision-making process. He therefore called for stakeholders to collect and share data on different indicators/variables for use by policymakers. Dr Mguni stated that, data for some indicators is not available nor accessible, hence affecting decision-making. He noted that quality data must be collected and should be open and accessible and suggested that open data platforms must be in place locally and data should be readily available on websites to make it accessible to the users. In addition, he called on participants to explore and use big data where feasible because it is updated every second.

Ms Makgolo started the discussion by sharing with the participants the mandate of BURS. She talked about tax as something equitable and fair in that one has to pay a share of what they have earned and that BURS don't demand anything more than what is due from the public. She expressed concern that some people falter and evade tax and encouraged the participants to change their mindset towards tax. Makgolo called on the public to take tax as an investment towards the development of their own country. She therefore encouraged those who are charged with implementation to ensure that all that has been agreed upon is implemented to meet the needs of taxpayers. According to Makgolo, as BURS collect taxes from the public, there is an expectation that the country will be developed. She however expressed concern that a lot of delays on some projects and that the delays erode the confidence of taxpayers as delays in development also lead to missed opportunities. As an example, Makgolo highlighted that if a project is implemented within time, employment will be generated, and BURS will be able to get more taxes from the company as well as individuals employed in the company which can boost the country's economy. She reiterated that failing to pay taxes by illegible taxpayers leads to budget constraints, hence the need for mindset changes embracing tax as an investment and ensuring project implementation. She said that if projects are implemented well, more people will comply with their tax obligations as they witness the developments, they are tax-funded, hence return on investment.

Kickstarting her discussion on implementation, Mathogonolo Mponang acknowledged the contribution of the country's leadership. She noted that during the early years of development, despite limited resources, the leadership ensured that necessary development initiatives were undertaken. Other achievements realized due to this thoughtful leadership include prioritizing education and ensuring that Batswana have access to education. Furthermore, she highlighted that the leadership prioritised infrastructure development. She emphasized that with time, other milestones are yet to be known or realized.

Mponang emphasized that implementation begins with knowledge, urging individuals to pursue education. She asserted that effective implementation is closely linked to leadership, and expressed concern over the leadership crisis in Botswana, citing instances of workplace harassment and bullying. Mponang pointed out that many leaders fail to understand their staff and how to leverage their competencies, leading to significant misunderstandings and the erosion of traditional values (setho).

She explained that implementation involves identifying a problem and devising solutions. Mponang encouraged participants to analyse issues thoroughly and systematically develop solutions to ensure proper implementation. She also highlighted the importance of psychological safety as a reflection of a changed mindset, urging leaders to better understand their staff. Additionally, she advised Batswana to avoid seeking complex solutions and instead focus on starting with small, manageable steps.

Regarding inclusion and diversity, Mponang said embracing diversity and inclusion is not just about policymaking but about active implementation within the organizations. Mponang encouraged participants to change their mindset and embrace diversity, inclusion and belonging and live it. She alluded to the fact that employees become more productive when they feel valued and empowered to contribute to the workplace. To buttress her point, she invited on stage two of Debswana employees, one who is deaf to share his journey of working in Debswana despite his disability.

Question and Answer Session

What is it that we need to be doing now, key takeaways that should be followed in the next NBC?

Ms Makgolo

In all decisions, we should consult decision-makers, and we should do some research, on what we have so that we come up with implementable policies. Education and awareness are key. BURS also is obliged to facilitate trade. She also talked of financial literacy programs such that people understand the importance of paying taxes and be transparent as possible. Shifting the mindset from seeing them as a burden is the mindset that is needed for Botswana to achieve its Vision aspirations.

Dr Mguni: The evidence should be availed and accessible. Let us not minimize the importance of the data we may have, no matter how little, privately held data so that it can be utilized. Timely data and privately held needed and should be availed. Any support towards the strengthening of the data ecosystem in Botswana is welcome.

Ms Mponang: There is a need to look over the regulation of policies in Botswana. Our policies are overregulated, and they don't speak to each other. There is also a need to stop talking rather than hold each other to account, hold each other accountable for our behaviours and call each other out for bad behaviours.

Early childhood development is essential, we need to invest in schools and capitalize education in Botswana because everything is substantially changed by education. There is a need to undertake traceability studies to assess whether the education that is given to children is credible not only within the insular world of Botswana but the global sphere. There is also a need to expedite correcting Governance structures in Botswana, many people are acting for the positions they are holding especially in Boards, parastatals etc. We cannot run governance structures on that means. There is also needed to hold people who are not indigenous Batswana to account such as is done in Singapore. We need positive discrimination in our policies.

Mr Kgengwenyane: There is need to follow an incentive-based approach. Doing business is elusive in Botswana because the permit system is frustrating and should be corrected. Batswana should stop behaving wastefully and that can be done through a rigorous project management system. There must be rigour in project prioritization, a central rigorous project management office is essential. We need to have a strong innovation ecosystem both in the public and private sectors.

Mr. Bogatsu, in concluding the session, emphasized that each generation is judged by how well it prepares the next. He posed a critical question to the conference attendees: What are we doing to ensure that the next generation thrives? He urged participants to consider the perspectives of young people and to actively seek their input in addressing the challenges Botswana faces. He noted that a collaborative mindset is essential for progress. Mr. Bogatsu stressed the importance of ongoing measurement and monitoring of the commitments made during the conference, ensuring that actionable steps are taken before the next gathering.

Summary of the deliberations and the Associated Conclusions and Recommendations

Given the above deliberations, the session concluded that more needed to be done to improve implementation from accountability mechanisms to monitoring and thus agreed to the following resolutions:

1. To promote transformative leadership that embraces mindset change, and accountability as well as supports creativity which fosters critical thinking and innovation.
2. Strengthen the data ecosystem to support the evidence-based decision-making process.
3. To promote an incentive-driven approach that encourages innovation and risk-taking in business, where entrepreneurs are motivated to pursue bold ideas despite potential risks.
4. Align the education system to global trends that instil a mindset that encourages innovation at the early childhood level.
5. Establish a national youth Business Council that will feed into the main National Business Council to stimulate transformational leadership.
6. Resuscitate the High-Level Consultative Council (HLCC) urgently.

- 1. Develop a digitized platform to be used to monitor the implementation of the 17th National Business Conference resolutions.**

NETWORKING SESSION

DEBSWANA DINNER

PRESENTATION

MR MOTSUMI, MANAGING DIRECTOR, DEBSWANA MINING COMPANY

Mr. Motsumi, managing director of Debswana, addressed a distinguished audience at the Botswana National Business Conference 2024, which included His Honour, the Vice President, Honourable Slumber Tsogwane, and various ministers, industry leaders, and media representatives.

Opening his speech, Mr. Motsumi expressed his honour in addressing the collective vision and ambition of Botswana's private sector gathered to discuss the future of the nation's economy. He highlighted the conference's theme: "Invigorating Economic Transformation through the private sector: deepening private sector participation and value chain development for an export-led economy," emphasising its resonance with Debswana as the company celebrated its 55th anniversary.

Reflecting on Debswana's journey, Mr. Motsumi noted the company's pivotal role in Botswana's economic development, emphasising its commitment to not only mining diamonds but also empowering citizens to engage meaningfully in the economy. he pointed to the Citizen Economic Empowerment Programme (CEEP) as a flagship initiative that has created thousands of jobs and fostered entrepreneurship among Batswana.

Mr. Motsumi shared success stories of local enterprises that have thrived alongside Debswana, underscoring their importance in the value chain and regional markets. however, he acknowledged challenges such as the sustainability of suppliers and issues related to employee welfare, stressing the need for the private sector to invest in value chain development to ensure resilience and sustainability.

He further noted the need for ethical practices in business, particularly concerning competition and merit, addressing attempts by partners to exert undue pressure on Debswana's management. he emphasized that these issues are not insurmountable and reaffirmed the company's commitment to working collaboratively with business partners to promote sustainable participation within the value chain.

looking ahead, Mr. Motsumi highlighted the critical importance of developing value chains to enhance Botswana's export capabilities. he advocated for moving beyond raw resource extraction, citing Debswana's commitment to diamond beneficiation as a model for creating skilled jobs and driving innovation.

Mr. Motsumi aligned Debswana's vision with the Botswana mindset change programme and vision 2036, advocating for a culture of innovation and self-reliance to transform Botswana into a high-income country with an inclusive economy. he called for a recommitment to private sector leadership and robust discussions that contribute to policy formulation and citizen empowerment.

In conclusion, Mr. Motsumi reiterated Debswana's dedication to supporting initiatives that foster private sector growth and drive value addition across all sectors. he encouraged the audience to seize the moment to invigorate the economy and build a prosperous future for all Batswana.

He thanked the attendees for their attention and wished them a great evening.

Chair: Ms Malebogo Morakaladi and Mr Terence Dambe

INTRODUCTION

Presided over by the Co-Chairpersons, Ms Malebogo Morakaladi and Mr Terence Dambe, the session considered the status of past NBC resolutions and coordinated the debate on the 17th NBC Resolutions. The co-chairpersons emphasised the need to conclude the Conference with practical resolutions.

PRESENTATION: Report on NBC Resolutions for 2016, 2018 and 2022.

Mr. Norman Moleele, CEO, Business Botswana

Mr Norman Moleele, CEO, Business Botswana, presented a report on past NBC resolutions for the years 2016, 2018, and 2022. He gave the objective of the resolutions to ensure alignment of government programmes to business growth and collaborative efforts to ensure that the resolutions are implemented. Such resolutions are monitored by Business Botswana, the Ministry of Trade and the National Planning Commission.

He mentioned that several policy changes had been realised as a result of past NBC resolutions. These include the establishment of the High-Level Consultative Council, the Botswana Investment and Trade Centre, and the PEEPA among others.

He stated that available data indicated that the 2016 NBC yielded 16 resolutions, and 2018 and 2022 had nine and four, respectively. Although implementation is often slow, the statistics indicate that 50 per cent of the 2022 resolutions, 33% of 2018, and 14 2016 had 14 per cent of 2016 resolutions were implemented.

An assessment of the resolutions indicated several recurring themes, which are social and economic policy concerns, sub-optimality of reporting, and poor implementation among others. Other theme that often recurred include youth unemployment, education reforms, and mindset change. Key to ensuring the success of this conference is the implementation of resolutions.

PLENARY SESSION 9: DEBATE ON NBC RESOLUTIONS

Chairperson: Mr Terrence Dambe

INTRODUCTION

The Co-Chairs provided a summary of the process of deriving the draft resolutions. Each session chairperson was assigned the task of submitting at most three potential resolutions for consideration.

NBC 17 RESOLUTIONS SET:

As part of the key outputs of the Conference, a set of NBC 17 Resolutions were debated during the plenary session. These are as follows:

1. Private Sector Growth through Digital Transformation

1.1. Develop a Start-up Model/ Framework for Botswana.

2. Deepen Private Sector-Led Economy through Transformative Leadership

2.1. There should be commitment (through funding) to the creation of mentorship programs that connect experienced leaders with emerging leaders from under-represented groups, fostering knowledge transfer and leadership development.

3. Export-Led Economy through Global Market Expansion

3.1. Establish an export facilitation fund to support exporters and improve trade efficiency.

3.2. Enhance the capacity of trade facilitation agencies to ensure seamless trade and provide incentives for exporters, such as tax breaks.

3.3. Develop targeted industries and infrastructure to enhance Botswana's competitiveness in the global market.

3.4. Enhance the capability of quality assurance of specialised products.

3.5. Establish an export-ready fund and create an organisation that will facilitate SMMEs and informal businesses for export.

4. Private Sector Growth through Value Chain Development

4.1. Increase government, private sector and academia investment in research and development to drive innovation within value chains.

4.2. Foster a global mindset among entrepreneurs to expand beyond the local market.

4.3. Expedite the beneficiation of local raw materials beyond the diamond sector to create economic value and foster value chain development in the private sector.

4.4. Develop and nurture value chains such as gaming and innovation.

5. Empowering the Private Sector through Innovative Public Procurement

5.1. Implement a public procurement platform that can facilitate seamless access to procurement opportunities and promote compliance with the Act and with functionalities such as E-portal for SMEs, E-tendering as provided in the Act, Classification of targeted citizens, Compliance to Reservation Lists and Applications of Preference Margins, etc.

5.2. Promote private-to-private mentorship programs and capacitate startups on financial literacy and other core business skills.

5.3. Government to utilise public procurement opportunities to prioritise 'market access' for local products and services to intentionally develop and refine capacity (quality, competitiveness) for export through AfCFTA and other trade agreements.

6. Private Sector Growth through Privatisation

6.1. Establish a committee of relevant institutions to update the Botswana Privatisation Master Plan to align with National Development Plans to deliver on the outstanding goals of Vision 2036.

6.2. Encourage a proactive approach by the private sector to lead privatization efforts (including unsolicited bids) in order to reduce reliance on government.

6.3. Create an enabling business environment that fosters alignment of government privatisation efforts with that of private sector organisations.

7. Linking Poverty and Inequality Reduction with Private Sector Growth

7.1. Better coordination of Corporate Social Responsibility (CSR) to hold the private sector accountable, such that businesses are mandated to contribute a certain percentage of their revenues towards CSR, geared towards community development and poverty alleviation.

7.2. Competition and Consumer Authority (CCA) should have clauses in its Act to regulate backward linkages to encourage private sector participation in the value chain, particularly SMMEs.

7.3. There must be facilitation of the commercialisation and promotion of indigenous knowledge to reduce poverty and inequality.

8. Accelerating Growth through AfCFTA

- 8.1. Develop a world-class marketing strategy for the five identified regional value chains in the following industries (salt, meat, vaccines, leather and automotive).
- 8.2. Build a collaborative and enabling ecosystem for SMMEs and Informal Cross Border Traders (ICBTs) (especially youth and women-owned businesses) by aligning the efforts of relevant enterprise support organisations.
- 8.3. Harmonize existing regulations according to enterprise characteristics such as sector and size.
- 8.4. Align Botswana's Special Economic Zones (SEZs) companies to the AfCFTA Trading Company institutional framework.

9. Empowering the Health Sector for Effective Service Delivery

- 9.1. Develop a multisectoral regulatory framework that harmonises policies to facilitate effective implementation.
- 9.2. Facilitate public-private collaboration in healthcare innovation to reduce costs and improve access.
- 9.3. Invest in infrastructure for vaccine and medicine manufacturing to position Botswana as a global player.
- 9.4. Promote medical value tourism by incentivising the private sector to export healthcare services.

10. Creating Synergies between Higher Education and the Private Sector

- 10.1. Strengthen the higher education and private sector relationship into a more integrated partnership that adapts to industry needs.
- 10.2. Promote integrated learning and the development of skills aligned with technological advancements.
- 10.3. Promote access and utilisation of research funding and encourage private sector participation.
- 10.4. Improve the regulation process of educational programs to drive innovation and industry alignment.
- 10.5. Prioritize Technical and Vocational Education and Training (TVET) and future skills development.

11. Fostering mindset change and accountability for effective implementation
 - 11.1. To promote transformative leadership that embraces mindset change, and accountability as well as supports creativity, which fosters critical thinking and innovation.
 - 11.2. Strengthen the data ecosystem to support the evidence-based decision-making process.
 - 11.3. To promote an incentive-driven approach that encourages innovation and risk-taking in business, where entrepreneurs are motivated to pursue bold ideas despite potential risks.
 - 11.4. Align the education system to global trends that instil a mindset that encourages innovation at the early childhood level.
 - 11.5. Establish a national youth Business Conference that will feed into the main National Business Conference to stimulate transformational leadership.
 - 11.6. Resuscitate the High-Level Consultative Council (HLCC) urgently.
 - 11.7. Digitise NBC Resolutions implementation monitoring tool.
 - 11.8. Establish better mechanisms to hold the public (and private) sector accountable for the lack of implementation of agreed actions.

CLOSING REMARKS

HON. MMUSI KGAFELA, MINISTER OF TRADE AND INDUSTRY

In his closing remarks, Honourable Minister Mmusi Kgafela indicated that it is a privilege and honour to be entrusted with such an undertaking, at a gathering of such eminent people from different parts of the economy, in the fields of government, industry, academia and the media and from across Africa and overseas. He stood on the already established protocol and conveyed greetings to Conference Chairpersons, distinguished guests, attendees, and speakers, on behalf of the Government of Botswana, the organizers, and the sponsors, and expressed his deepest gratitude to everyone who contributed to the 17th National Business Conference.

Honourable Mmusi Kgafela extended his heartfelt thanks and sincere appreciation to the host, His Worship the Mayor of Francistown Godisang Radisigo, for the warm welcome extended to the delegates in Botswana's second city. He further alluded that indeed, Francistown has been hospitable.

Honourable Mmusi Kgafela reiterated that the theme of the conference, "Invigorating Economic Transformation Through the Private Sector," is closely aligned with Botswana's Vision 2036 and His Excellency's Reset Agenda. This Vision aims to transform Botswana into a high-income country with prosperity for all. The million-dollar questions are: can we sustain economic growth (leapfrog) to take us to 2036 from now? What does it take for us (Government and private sector) to maintain the momentum? The Vision envisages a diversified, export-led economy driven by a dynamic private sector. Therefore, this Conference has underscored the crucial role the private sector plays in achieving this vision, positioning Botswana as a competitive and innovative player on the global stage.

He further alluded that a lot has been said which has really invigorated a lot of thoughts triggered by the economic health check echoed by the different speakers. And that as is the case, the global economy is not doing well currently, and the future also looks bleak. Further to that, the diamond market is currently not doing well, and this has put pressure on the country's financial resources. Therefore, what is critical is how the country responds to these challenges, and he further emphasized the notion that the response mechanisms must be disruptive.

Honourable Mmusi Kgafela particularly referred to the speech by Dr Razia Khan and highlighted the need to reflect on Dr Razia Khan's question on whether a private sector that is not Government-dependent can emerge from Botswana. He further said the AfCFTA provides a great opportunity for industrialization of Botswana's economy and the private sector is the engine of growth for this sector. He reiterated that Dr Khan also highlighted that other resource-rich developing countries are also faced with the same challenges that Botswana faces, but they have come up with robust strategies to diversify their economies and stay afloat and that Botswana should take this as an opportunity, especially the private sector.

In his words, he highlighted that a resonating message throughout this Conference was the need for an enabling business environment and the outcry on over-regulation which is stifling growth. The government, he assured, has put in place a Regulatory Impact Assessment (RIA) tool. The tool promotes evidence-based decision-making which promotes good regulatory principles and considers the costs and benefits of a regulatory intervention before it is put in place.

He further indicated that the government of Botswana remains committed to continue working with the private sector through Business Botswana and other business associations in advocating for a business-friendly environment which fosters private sector growth. He alluded that Botswana's growth potential is undeniable, but effective implementation remains the key challenge. It is now up to fellow countrymen to commit to implementing the aspirations discussed at the conference. He indicated that transforming the economy requires changing mindsets, which necessitates continuous engagement and communication. All private sector players, including Small, Medium, and Micro Enterprises (SMMEs) can thrive with the right resources and collaborative opportunities.

In addition, the Honourable Minister extended deep appreciation to the guest speakers, Ms Razia Khan and Ms Esther Luongo Psarakis for sharing their insights. He indicated that their contribution has been invaluable. He further conveyed his appreciation to the Vice President, fellow Cabinet Ministers, the Business Botswana President, all speakers, delegates, and the media for their frank deliberations. Special thanks were extended to the organisations that sponsored the participation of SMMEs in the Conference for their support is crucial to the SMMEs' growth and success. He further indicated that it is his belief that in 2026, there will be more SMMEs participants. belief that in 2026, there will be more SMMEs participants.

In conclusion, he extended his gratitude to Business Botswana and the Organizing Committee for their tireless efforts in making the Conference a success. He indicated, however, that it is remiss to fail to highlight that despite the success, there is room for improvement in the organization of conferences and events like this. He reiterated that the Government has committed to ensuring that Botswana becomes a preferred destination for Meetings, Incentives, Conferences and Events (M.I.C.E) and that a strategy for MICE is in place. The success of Conferences lies in the preparations which should start immediately after the end of the NBC.

Preparations and engagements for the 18th NBC should therefore commence immediately. Moreover, the Minister indicated that while NBC produces several resolutions for both the public and private sectors, some of the players who are supposed to implement these resolutions are not part of the 17th National Business Conference and engagements with them should be done immediately. That way, there exists a greater chance to realize considerable and real change in the implementation of these resolutions.

Honourable Kgafela further indicated that he fully supports Mr Nwako's proposal to have resolutions form part of both the Sector High-Level Consultative Council (SLCC) and High-Level Consultative Council (HLCC) meetings, to track the progress of the resolutions.

He indicated that since the NBC is a biennial event, he looks forward to 2026 when delegates and participants shall reconvene to consider the progress made in the country's quest to become a high-income country. With those few Remarks, Honourable Mmusi Kgafela declared the 17th Biennial National Business Conference Officially Closed!

CONCLUSION

The conference theme and its objectives were aligned with Botswana's national aspirations for private-sector-led growth. This includes strategies for mindset change and transformation to ensure sustained economic growth. The conference discussions emphasised the need for a mindset change across all topics discussed, highlighting the importance of inclusivity and diversity, the role of youth in economic transformation and leadership, and an education system aligned with the transformative agenda. A key focus was placed on the development of Small, Medium, and Micro Enterprises (SMMEs), which is particularly relevant as it reflects Botswana's aspirations for private-sector-driven growth.

However, it became evident that comprehensive implementation remains a challenge in Botswana, as the impact of past resolutions aimed at promoting private sector growth has not been adequately tracked. This necessitates a concerted effort by the Government of Botswana and the Botswana Business community to assess the effectiveness of these resolutions.

To address this, the crafting of an implementation matrix for the 17th Business Conference was proposed. This matrix would outline designated departments and actionable steps, facilitating accountability and progress tracking. Additionally, the establishment of an online monitoring platform by Business Botswana could improve tracking and transparency of the implementation process.

Reinstating the High-Level Consultative Council (HLCC) was also highlighted as essential, as it ensures ongoing dialogue and collaboration between the government and the business sector, reinforcing the commitment to private sector growth. Through these initiatives, Botswana can strengthen its efforts to realize its transformation agenda and foster a vibrant business environment.

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