



Government of Botswana



European Union

PRIVATE SECTOR DEVELOPMENT PROGRAMME BOTSWANA

A Government of Botswana initiative supported by the European Union and the Centre for the Development of Enterprise

Annex I- Terms of Reference

Value Chain Analysis for Beef, Horticulture and Tourism Sectors and Project Proposal for Market Intelligence Information System

October 2013



ABBREVIATIONS AND ACRONYMS

ACP	African, Caribbean and Pacific
BDSPs	Business Services Development Providers
BEMA	Botswana Exporters and Manufacturers Association
BIH	Botswana Innovation Hub
BITC	Botswana Investment and Trade Centre
BNPC	Botswana National Productivity Centre
BOBS	Botswana Bureau of Standards
BOCCIM	Botswana Confederation of Commerce, Industry and Manpower
BTO	Botswana Tourism Organisation
CDE	Centre for the Development of Enterprise
CEDA	Citizen Entrepreneurial Development Agency
CU	Coordinating Unit
EA	Executing Agency
EC	European Commission
EDD	Economic Diversification Drive
EDF	European Development Fund
EU	European Union
GACP	Generally Accepted Compliance Practice framework
GMP	Good Manufacturing Practice
HACCP	Hazard Analysis and Critical Control Point System
HATAB	Hospitality and Tourism Association of Botswana
IO	Intermediary Organisation
ITC	International Trade Centre
LEA	Local Enterprise Authority
MFDP	Ministry of Finance and Development Planning
MTI	Ministry of Trade and Industry
NAO	National Authorizing Officer
PA	Proposal for Assistance
PSDP	Private Sector Development Programme
RFO	Regional Field Office
SADC	South African Development Community
SMMEs	Small, Micro and Medium Enterprises
WIBA	Women in Business Association

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1 INTRODUCTION

The Contribution Agreement signed between the European Union (EU) and the Centre for the Development of Enterprise (CDE) foresees collaboration with the International Trade Centre (ITC) Geneva for capacity building activities benefiting both Small, micro and medium sized enterprises (SMMEs) and private sector Intermediary Organisations (IOs). In order to formalize the partnership with CDE in the framework of PSDP, a pre-engagement mission of the ITC took place during September 23-26, 2013 which included meetings with key stakeholders and practitioners, and a consultative workshop held during the first day of the mission.

The main objective of the mission was to define the areas for collaboration between CDE and the ITC in the framework of PSDP. The specific objectives of the mission were to: (i) define the scope of the work for value chains analysis and development (VCAD), discuss information available from stakeholders and main challenges, and agree on priority sectors to concentrate on for VCAD; (ii) discuss the complementary activities to be undertaken by the ITC in support to BITC (for the implementation of an “Export Development Programme”) and BOCCIM for the definition of a conducive framework for Market Intelligence Information System.

The ITC mission worked closely with the CDE Regional Office in Botswana and PSDP team as well as key stakeholders involved in the programme, including Botswana Confederation of Commerce, Industry and Manpower (BOCCM), Botswana Investment and Trade Centre (BITC), Citizen Entrepreneurial Development Agency (CEDA), Botswana Manufacturers and Exporters Association (BEMA), Botswana Bureau of Standards (BOBS), Botswana National Productivity Centre (BNPC), Hospitality and Tourism Association of Botswana (HATAB), Botswana College of Agriculture (BCA), Botswana Horticulture Council (BHC), Botswana Tourism Organisation (BTO), and Botswana Innovation Hub (BIH).

The mission acknowledged the comprehensive private sector development programme and work done on sectors/value chains development by national institutions including the Ministry of Agriculture (MoA), the Botswana College of Agriculture (BCA) and the Local Enterprise Authority (LEA) such as beef, small stock (sheep and goats), piggery, dairy, horticulture, and leather. The mission also took into due consideration the Botswana National Export Strategy (2010-2016) and the need to improve access to market intelligence to increase exports by the private sector. The above value chain analysis reports present a thorough situational analysis, though lacking a detailed *Plan of action* which would help identify the concrete steps to be undertaken, particularly as regards capacity building in the priority sectors identified by the Programme.

After consultations with stakeholders and preliminary review of sector strategies as well as sectors / value chains analysis reports, the CDE and ITC identified a possible role for ITC to play in the course of the programme, in the following areas:

- I. Value chain analysis and development (VCAD)** - Value chains to be considered are the following: (1) Beef, (2) Horticulture (specific products to be identified at the beginning of the process), and (3) Tourism. The principal aim of the VCAD is to generate sufficient information to identify the main opportunities and bottlenecks in the export value chains of the selected sectors, and to assess whether or not the technical assistance is likely to contribute significantly to increased exports by SMMEs in these sectors, and if so, to prepare *Plan of actions (Roadmaps)* for a comprehensive capacity building intervention in the framework of the PSDP.
- II. Market Intelligence** - Access to trade intelligence and awareness of the opportunities and threats associated with international trade are key factors in assisting developing countries and economies in transition to benefit from exports. The market intelligence exercise should be linked to the selected value chains as above.

2 BACKGROUND INFORMATION

2.1 BENEFICIARIES

The beneficiaries of the services to be provided by ITC as the implementing partner are primarily the Ministry of Trade and Industry (MTI) and the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM). The MTI and BOCCIM with the support of the CDE have joined their efforts to develop the Private Sector Development Programme (PSDP) aiming to strengthen the capacity of SMMEs, CBOs including value chains development in a selected number of economic sectors under the framework of the Private Sector Development Strategy (PSDS) adopted in 2008 by the Government of Botswana.

2.2 FUNDING ORGANIZATION

The funding organization is the CDE Regional Office for Southern Africa based in Gaborone, Botswana acting as the Executing Agency of the PSDP. CDE will provide a grant to the ITC to be reflected in a specific memorandum of understanding in order to undertake Value Chain Analysis studies and develop Market Intelligence Project Proposal.

2.3 RELEVANT COUNTRY BACKGROUND

Estimates by the International Monetary Fund indicate that there was a decline in the private sector's contribution to gross investment (measured as a percentage of Gross Domestic Product (GDP)) from 18% in 2007 to 8.9% in 2009 while the same ratio for the public sector increased from 7.8% to 15.1% over the same period. The private sector's contribution to gross savings declined from 20.3% in 2007 to 9.9% in 2009, while the public sector's contribution declined from 20.1% to 12% over the same period. This situation to a large extent reflects the impact of the global financial crisis and the vulnerability of the private sector to external shocks. The participation of the private sector in the economy is being encouraged by the privatisation initiative an example being the privatisation of the Botswana Telecommunication Corporation. Private sector participation in the economy will also be spurred by the Public-Private Partnerships (PPPs) with a framework for PPPs having been put in place in 2009.

It is in the context of the above scenario that the Private Sector Development Strategy (PSDS) was conceived. The PSDS was developed through extensive consultations with various stakeholders and was launched at the height of global financial crisis in 2009. The PSDS is built on four priority areas, which are trade expansion, improving labour productivity, support to trade support institutions and improving the business climate. Four cross cutting issues which have a bearing on private sector development have also been identified and they are; gender, the youth, HIV and AIDS and the environment.

Government and related institutions are in the process of implementing some aspects of the PSDS but due to limited resources and capacity, some development partners are coming in to help. The Centre for the Development of Enterprise (CDE) in partnership with a number of private sector organisations and the Government has developed a programme focused on implementing some strategic objectives of the PSDS. The PSDS is consistent with European Union (EU) development policies.

The main problems affecting the private sector in Botswana are:

- i. A small domestic market with a declining population growth rate;

- ii. Dominance of Government sector in economic activities including the Government led agenda for private sector initiatives;
- iii. Slow progress in the implementation of the privatisation process;
- iv. Vulnerability of the private sector to exogenous shocks;
- v. Weak labour market characterised by skills shortage, uncompetitive labour costs, low productivity and poor work ethic;
- vi. Limited Research and Development activity; and
- vii. Unfavourable private sector environment.

Key stakeholders involved in the programme are: Botswana Investment and Trade centre (BITC), Local Enterprise Authority (LEA), Citizen Entrepreneurial Development Agency (CEDA), Botswana Exporters and Manufacturers Association (BEMA), Botswana Bureau of Standards (BOBS), Botswana National Productivity Center (BNPC), Hospitality and Tourism Association of Botswana (HATAB), Botswana Tourism Organisation (BTO) and Botswana Innovation Hub (BIH). .

2.4 THE PSDP IN THE FRAMEWORK OF THE PRIVATE SECTOR DEVELOPMENT STRATEGY AND THE ECONOMIC DIVERSIFICATION DRIVE STRATEGY

The PSDP has a strong link with the Economic Diversification Drive (EDD) Strategy as well as with the Private Sector Development Strategy (PSDS) which are Government initiatives aiming: (i) to diversify the economic and export base of the country into sectors that will continue to grow long after diamonds have run out, and (ii) to provide a systematic and coherent framework to promote the development and growth of the private sector. The programme will focus on number of sectors for capacity building actions in order of priority as follows; (i) Manufacturing including Agro-industries, (ii) Tourism, (iii) Construction and Public works and; (iv) Information, and Communication Technology (ICT).

The PSDP has the following objectives:

- **Overall Objective:** To promote economic growth, support employment creation and diversification resulting in the reduction of poverty in Botswana.
- **Specific Objectives:**
 - ✓ To improve the business environment in Botswana and stimulate economic diversification in the private sector
 - ✓ Develop and increase the role of the SMMEs in the economy

The results that are targeted under PSDP are the following:

- ✓ **Result Area 1:** Capacity and competitiveness of SMMEs and Community Based Organisations (CBOs) including value chains is strengthened;
- ✓ **Result Area 2:** Service delivery of targeted Intermediary Organisations (IOs) and Business Development Service Providers (BDSPs) is enhanced;
- ✓ **Result Area 3:** Business environment for enterprises is improved. (Reduction of red tape and pilot on improved access to financing by SMMEs).

The services to be delivered in the framework of the partnership agreement are linked to Result Area 1 and Result Area 2 as above.

2.5 VALUE CHAIN ANALYSIS UNDER THE FRAMEWORK OF PSDP

2.5.1 Definition and Rationale for Value Chain Analysis and Development

The Government of Botswana acknowledged through the PSDS that in the short to medium term, the manufacturing including agro industries and tourism sectors will be the basis for job creation and economic growth. Other sectors for potential economic growth are also considered by Botswana Government namely Information and Communication Technology (ICT) and Construction and Public works. In support of this vision, the PSDP has planned to undertake a series of value chain analyses based on past and ongoing studies by national institutions such as the Local Enterprise Authority (LEA) and Botswana College of Agriculture (BCA) who did a lot of work on Value Chain Analysis.

The term “**Value chain**” refers to coordinated relationships between actors who are involved directly and indirectly in a productive activity, from the primary stage production and inputs supply to the end consumers. Therefore, a value chain involves alliances between producers, processors, distributors, traders, and regulatory and support institutions, whose common starting point is the understanding that there is a market demand for their products and services.

The value chain analysis is seen in the framework of the PSDP as fundamental to understand the role of key players involved in a given value chain, the challenge they face and the opportunities. Such an approach is essential for assessment of the needs of key actors which intervene in the value chain and for elaboration of the full-fledged capacity building actions taking into account the major constraints identified on the ground.

2.6 VALUE CHAIN MODELS FOR SELECTED SECTORS UNDER PSDP

2.6.1 The Beef Value Chain Model

In Botswana, the meat industry is one of three main economic pillars (behind only diamond mining and tourism) that support the economy. The following is generic “value chain model for meat” as proposed in the framework of the Beef Value Chain Study, FAO, 2013 (Botswana Agrifood Value Chain Project).

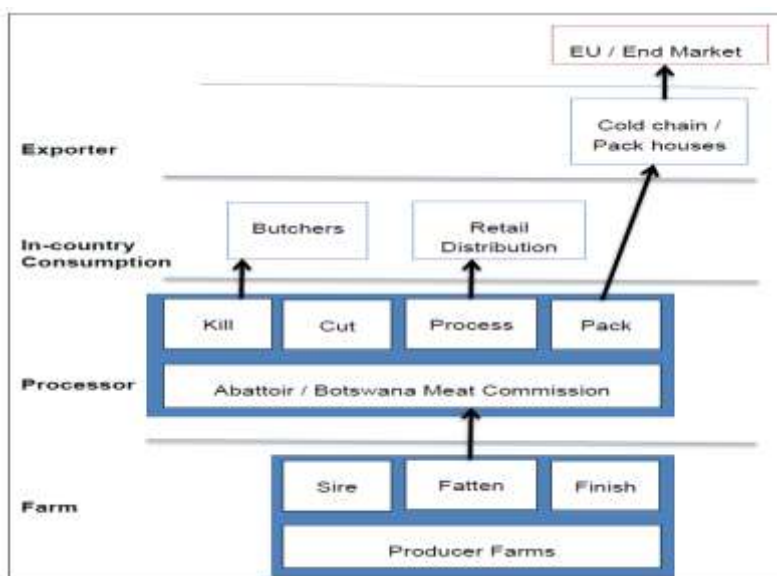


Figure 1: Botswana Beef Value Chain (Source: J.E. Austin Associates, Inc.)

2.6.2 The Horticulture Value Chain Model

The following is generic “value chain model” for agro-industries, including horticulture sector as defined by the CDE to be adapted and used in the framework of this study. Value chains for individual horticultural products vary according their specific situation.

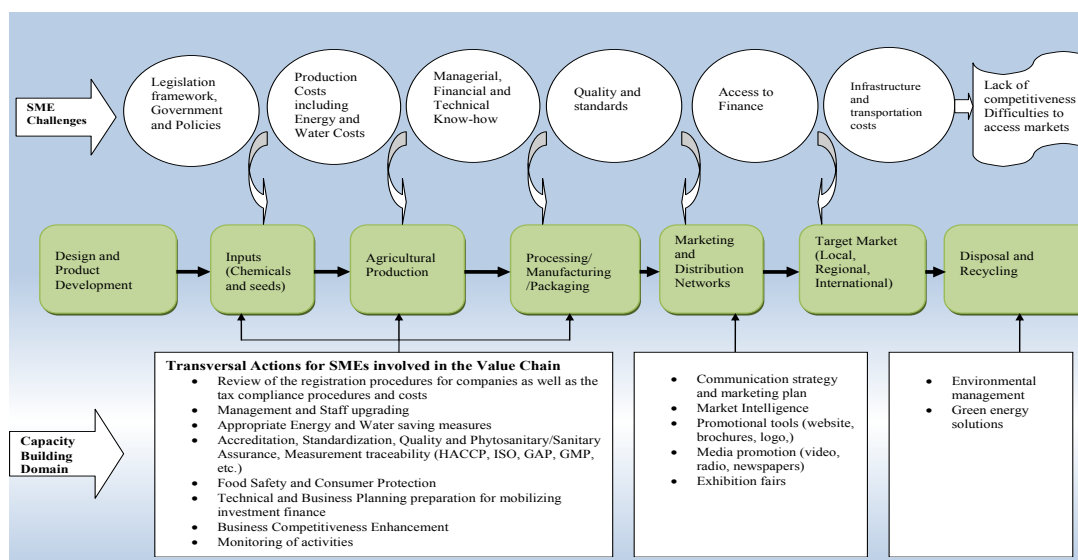


Figure 2: Proposed Agro-Industries Value Chain Model (Source: CDE)

2.6.3 Tourism Value Chain Model

The following is generic “value chains model” for tourism sector as defined by the CDE. It should be adapted and used in the framework of this study.

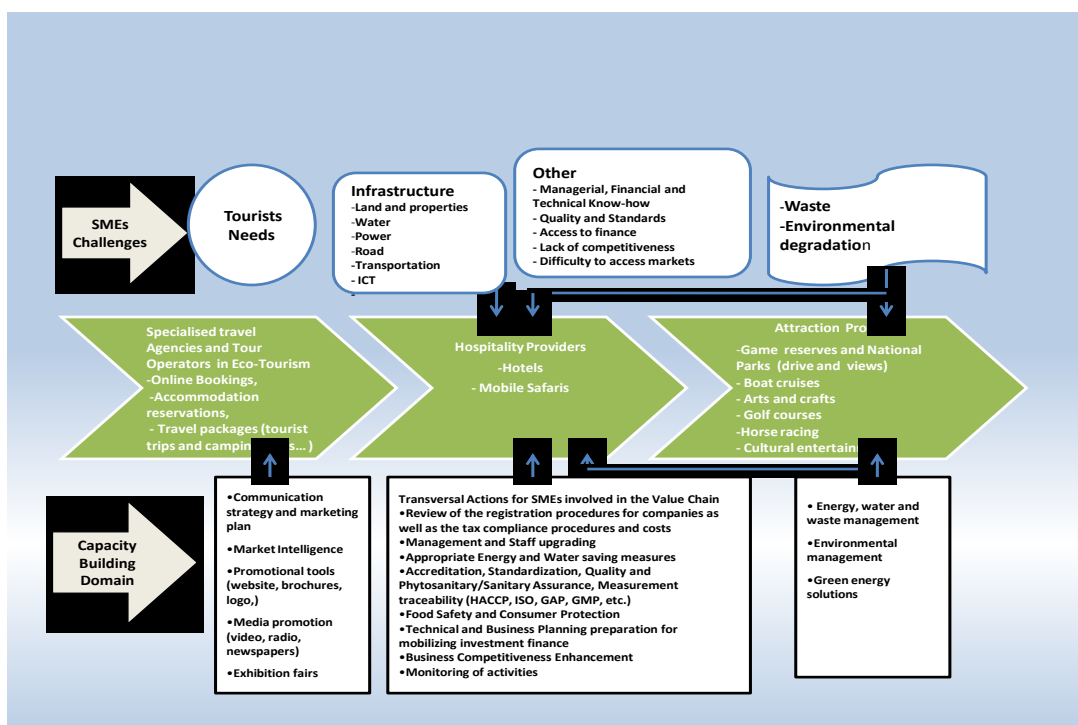


Figure 3: Proposed Tourism Value Chain Model (Source: CDE)

2.6.4 Review of Past and Recent Value Chains Analysis Studies in Botswana

The Government of Botswana and donors have shown recently significant interest in value chain analyses and development. In their effort to devise interventions that reposition entire agro-industries, build business competitiveness, and spur economic growth, they used value chain-based approaches as robust tools to protect threatened links, facilitate upgrading of sub-sectors to generate greater returns, and to promote investment. Additionally, value chain analysis has been used in Botswana to examine bottlenecks and constraints in the enabling environment in which certain chains operate.

Value chains approach has also been used as a tool for SME development, with new methods of linking SME suppliers and service providers to the value chains lead processors or marketers. Value chain analysis put also light on the size of the firms participating in each link, how they are participating or could be participating in the chain, and opportunities to facilitate or improve the linkages by supporting “champions”.

In the following section, recent value chain analyses done in Botswana are summarized.

2.6.4.1 The LEA Value Chain Analysis Studies

The LEA was established by the Small Business Act, Number 7 of 2004 as a Statutory Authority of the Government of Botswana. LEA's mandate is to promote and facilitate entrepreneurship and enterprise development in Botswana through targeted interventions in key sectors that are manufacturing, tourism, and agriculture. LEA is therefore a coordinated and focused one-stop shop Authority that provides development and support services to the local industry needs of SMMEs, encompassing training, mentoring, business plan finalisation, market access facilitation, and facilitation of technology adaptation and adoption.

In the framework of economic diversification, LEA did four value chain analyses in selected sectors; dairy, piggyery, leather and horticulture. The table below summarizes information on LEA studies:

Table 1: Summary of LEA Value Chain Studies

Title of the Study	Mining Business Opportunities for SMMEs: Pork value chain analyses & development in Botswana	Situational and Value Chain Analyses of the Dairy Industry in Botswana	Situational Analysis of the Leather Industry in Botswana	Botswana Horticulture Value Chain Analysis Study Report 2010/11
Author	Research and development Division	Research and development Division	Research and development Division	Research and development Division
Date	Dec. 2010	Nov. 2011	Nov. 2011	Nov. 2011
Executive Summary	The primary objective of the study was to analyse the Botswana Pork Value Chain with a view to identify potential investment opportunities which could positively contribute to economic growth.	The dairy sub-sector was earmarked as having potential to positively contribute towards the SMME growth and ultimately the diversification of Botswana's economy. The milk	This report presents the situation of the Botswana leather industry using both primary and secondary data. Primary data was collected from the different leather industry players such	LEA has identified the horticulture sub-sector as a lucrative sector that can assist Botswana bear the fruits of economic diversification and import substitution thus stimulating economic growth. The study has

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Terms of Reference for Value Chain Analysis and Market Intelligence Project Proposal
Version prepared by PSDP with assistance by ITC expert

	<p>In addition to data that was already available from the 2009 piggery market study, a few key informants in the industry were further consulted in Botswana, and the Republic of South Africa to provide vital information that could help analyse the chain and further make recommendations on the way forward in developing the piggery industry in Botswana.</p> <p>The results showed that the current Botswana pork value chain is so underdeveloped that it does not allow full value addition to pork products. This has led to direct link between producers and the market, mainly retailers. The situation is mainly exacerbated by lack of pig abattoirs and processing plants which lead farmers to being price takers as dictated by retailers, who are the only gateway to the lucrative tourism market. The local pork market is heavily dependent on imports as indicated by a 70% import supply mainly from South Africa.</p>	<p>and milk producers do have market in Botswana. The study critically identified and assessed all the players and activities (active and dormant) within the dairy value chain, and identified business opportunities available for uptake by entrepreneurs going forward. The study also developed a value chain map that resembles the ideal situation to be adopted and implemented as the country commercializes and develops the dairy sub-sector. Primary and secondary sources of information were used to obtain information from all the stakeholders. The study results have revealed that dairy industry is still much under developed in Botswana and currently characterised mainly by small scale fodder and milk producers whose output does not meet the market demand. This is evidenced by high importation of fodder and cattle feeds by input suppliers such as feed manufacturers and feed retailing outlets and raw milk for production of dairy products.</p>	<p>as slaughter facilities including the Botswana Meat Commission, hide collectors and exporters, tanners and leather products manufacturers. Secondary data was collected from various government departments among them the Central Statistics Office and various departments within the Ministry of Agriculture and Botswana Meat Commission. The broad objective of the study was to establish current status of the leather industry in Botswana and identify available business opportunities both upstream and downstream in the local leather value chain. In addition to carrying out the study locally, the Research Team also undertook a benchmark trip to Namibia. The main objective of the benchmark was to afford the team an opportunity to fully appreciate the requirements, technology issues and best practices for establishment of some of the potential business opportunities that the study had identified.</p>	<p>thus been undertaken to identify opportunities that can be absorbed by SMMEs to grow the SMME sector while assisting the country to achieve the economic diversification and growth goals. The study followed a linear global horticulture value chain process to identify business opportunities as well as actors and activities involved within Botswana Horticulture Value Chain.</p> <p>The study found a composition of seven value chain participants, namely inputs (manufacturing and supplying), production, transportation, processing, distribution, retailing and consumption. The study found also that horticulture production dominated the value chain. It is still under developed and fragmented comprising largely of micro and small scale farmers accounting for 77% and 20% respectively of farming population.</p> <p>The study has also revealed limited existence of an inputs manufacturing industry, compelling the country to procure a majority of its horticulture inputs from outside. The study has further established limited processing of fruits and vegetables locally, mainly due to the low horticulture production. It also noted significant consumption of processed food.</p>
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2.6.4.2 The Ministry of Agriculture Beef Value Chain Study

In the framework of Botswana Agrifood Value Chain Project, the MoA requested the collaboration of the Food and Agriculture Organization (FAO) to apply the value chain framework to analyse the beef subsector and to provide a set of strategic recommendations aimed at promoting its sustainable development and competitiveness. Funded through Technical Cooperation Programme facility, the study represents the first work under a new Botswana Agrifood Value Chain Project which is being driven by the Botswana Agricultural Hub. The beef value chain study stands as a model for development support to other agrifood value chains. The study completed in 2013 is based on extensive consultation with stakeholders along the value chain: input suppliers, producers, processors, retailers, government officials and support providers.

The beef value-chain development approach by MoA identified the key bottlenecks in the system, unearths their root causes and proposes holistic strategies for upgrading that lead to farms and firms that are more competitive and sustainable. The value-chain approach assessed how value in an end market is created by a sequential chain of activities conducted by actors who are supported by various business-service providers and who are influenced by the particular business environment in which they operate. The key dynamics in the beef value chain of Botswana are: (i) The growth of the domestic market; (ii) The growth of the modern channel within the domestic market; and (iii) The growth of the feedlot system.

The drivers behind these dynamics are demographic changes (growth, urbanization, income and preferences) and the procurement and marketing strategies of the more modern processors. Feedlots have grown in importance because processors looking for quality, traceability, volume and supply consistency have offered incentives to producers (e.g. higher prices, lower transaction costs) and to feedlot operators (e.g. low-cost finance, shift to yard fees).

2.6.4.3 The BCA work on Small Stock Value Chain Analysis

Smallstock (sheep and goats) are widely raised throughout Botswana by almost all levels of households, as they do not require a lot of inputs to raise and are easy to look after as compared to cattle and poultry. Presently, there are 1, 879,000 goats and 303,000 sheep (Agricultural Survey Report, 2008) totalling 2,182,000 smallstock in Botswana. The smallstock sub-sector of the livestock industry has not done well to date when compared to the beef and poultry sub-sectors. The sub-sector has potential to diversify the livestock industry and generate income for the many households that keep sheep and goats. However, this sub-sector has faced many challenges and issues contributing to its failure to perform beneficially.

Challenges facing the Small stock industry include:

- (1) Feeds and feeding
- (2) Quality breeding and lack of common standards
- (3) Pricing – market not properly organised, which contributes to exploitative prices.
- (4) Poor management practices
- (5) Lack of information on the value addition and supply chain
- (6) Weak lobby structures. The SFIB is a newly formed organisation which depends on volunteers.
- (7) Infrastructure. Government could also assist Smallstock farmers with the provision of more land.
- (8) Government assistance. Little Government assistance with respect to subsidies on vaccinations.

Past smallstock interventions by Government tend to be biased towards poverty reduction, and such policies do not address commercialisation.

2.7 MARKET INTELLIGENCE UNDER THE FRAMEWORK OF PSDP

Whereas the government has taken measures to create trade and investment opportunities for the private sector, both in the international and domestic markets, the response has been slow. The participation and visibility of Botswana private sector firms and products in international markets is considerably limited considering the value of exports and range of products. This low visibility has been attributed to, among other factors, low exploitation of market opportunities created through the regional and international trade agreements that the Government of Botswana has negotiated; the limited access to and/or lack of market intelligence, low quality products, narrow export product range and challenges faced by the private sector in the movement of goods across borders.

The **Strategic Objective 1** of the Private Sector Development Strategy (PSDS) is therefore to “*Promote and support the participation and visibility of the private sector in international markets*”. The aim is to increase exports by the private sector. Focus of the strategy is on ***improvement of access to market intelligence***, developing technological and human resource capacity to improve product quality, expansion of product range, improvement of trade facilitation and strengthening public-private partnerships.

The private sector has cited “**lack of market intelligence**” as one of the bottlenecks of accessing foreign markets. It is expected that most of the market information should be available at the Ministry of Trade and Industry, BEDIA, BOCCIM and sector associations. The market information available is not up to date and it is often not relevant to the private sector. There is a need to improve the quality of the market information to facilitate the private firms’ entry and penetration into international markets.

The project proposal to be submitted by ITC will help BOCCIM to set-up a comprehensive Market Intelligence Information System for the selected Value Chains (Beef, Horticulture and Tourism).

ITC will take advantage of the Value Chain Analysis to analyse the requirements and opportunities to set-up such a system in the framework of PSDP.

3 OBJECTIVE, PURPOSE AND EXPECTED RESULTS

3.1 OVERALL OBJECTIVE

In close collaboration with both private and public institutions supporting private sector development (BITC, BOCCIM, LEA, BEMA, HATAB, etc.), ITC will:

- i) undertake an in-depth diagnostic of the 3 selected value chains with the view to develop comprehensive Plans of action for improving the competitiveness of the actors involved in the value chains; and
- ii) develop a project proposal for Market Intelligence Information System.

3.2 PURPOSE

The purposes of the assignment are the following:

- i. Provide technical assistance and facilitation of a participatory approach of Value Chain Analysis
- ii. Undertake value chain mapping and analyses for the selected sectors
- iii. Assess the proposed sectors to be supported through value chain analysis
- iv. Analyse what are the economic costs along each of the 3 selected value chains
- v. Determine where is the most value added to the target value chains
- vi. Determine who are the most important actors (champions / leaders) within the value chains
- vii. Define what are the institutional and financial frameworks of the value chains
- viii. Determine where are the bottlenecks in the 3 selected value chains
- ix. Determine where is the market potential for growth in the 3 selected value chains
- x. Assess what is the relative size of the chains in Botswana exports
- xi. Identify the potential for upgrading each of the 3 selected value chains
- xii. Determine what possible synergies exist with other sectors/chains
- xiii. Analyse other issues related to Value Chain development which are relevant to ITC.

3.3 EXPECTED RESULTS

The expected results to be achieved by ITC are as follows:

- i. Key players / actors in each of the 3 selected value chains identified and characterized
- ii. Actual products to be addressed for horticultural sector (e.g. type of fruits and vegetables) identified
- iii. Problems (bottlenecks) in accessing current and potential markets identified
- iv. Appropriate solutions to remove the bottlenecks defined
- v. List of capacity building priority actions established
- vi. Detailed Plans of actions (roadmaps) for the development of the target chains prepared
- vii. List of institutions responsible for implementing Plans of actions (roadmaps) established
- viii. Detailed resources needed for the implementation of Plan of actions (roadmaps) defined
- ix. Project proposal for Market Intelligence Information System developed.

4 RISKS AND ASSUMPTIONS

4.1 RISKS

➤ Perceived Risks

The PSDP Logical framework well identified the risks involved in the implementation of this programme and the benefits expected at the completion.

The following are the main risks foreseen for the programme:

- Lack of interest by value chain actors for the study
- Lack of or limited capacities of public and private actors in almost all aspects of Beef, Horticulture and Tourism value chain development
- Weak support by Intermediary Organisations, Business Development Services Providers, and Government ministries, etc., for data collection

➤ Mitigation Measures

The Coordinating Unit will apply mitigation measures as appropriate to lower the identified risks. These will include;

- Periodic consultation with government ministries, parastatals and private sector organisations as part of the sensitization process to create an enabling environment for PSDP implementation
- Engage national institutions such as LEA and BCA to collaborate with ITC in value chain analysis exercise based on their experience
- Facilitate the use of past studies on value chains development
- Assist ITC in planning their missions to Botswana (e.g. setting of meetings with key stakeholders, etc.)
- Timely addressing any issue that could slow down the ITC intervention.

4.2 ASSUMPTIONS

The main assumptions in the Logical Framework Matrix are the following:

- No major budget constraints. The Contribution Agreement has secured sufficient resources for ITC's intervention to support PSDP implementation.
- The global economy and Botswana avoid double deep recession.
- Project implementation partners will dedicate required resources including logistics to the programme to ensure timely delivery of the services to beneficiaries.

5 SCOPE OF THE WORK

The value chain study for the Beef, Horticulture and Tourism sectors in Botswana as well as the development of a Project proposal for Market Intelligence Information System will be undertaken by the ITC under the supervision of PSDP Coordinating Unit and will report to it as per the Grant Contract between CDE and ITC.

5.1 ACTIVITIES TO BE CARRIED OUT IN THE FIELD FOR VALUE CHAIN ANALYSIS

The Value Chain Analysis of the 3 selected sectors will include but not limited the following activities:

- 1) Undertaking desk research and advise on persons or institutions that could provide basic statistics on the potential of each selected value chain: annual production trends of goods and services, volumes of trade at rural and urban markets as well as at export level, end market quality requirements (exports, regional and national markets), possible market trends in the 3 selected sectors, major trends affecting the products of each chain, the production costs of goods and services and the economic analysis of the each chain, pricing, packaging, quality issues, etc.
- 2) Mapping of key primary chain actors along the 3 selected value chains (from the primary stage production and inputs supply to the end consumers): identify who they are, possible numbers, their key functions, key operational challenges and possible interventions. Included in the analysis of the primary actors indicate the changes in prices along the value chains together with the margins and other economic aspects like market share of the 3 selected sectors and their products transactions along the value chains. Also evaluate the social aspects, such as participation and governance along each of the selected chains as well as the key chain blocker(s) and enabler(s).
- 3) Mapping secondary actors / supporters of the chains and their role and services. Identify the challenges experienced in offering/accessing their services. Identify any gaps currently existing in service provision and who can best provide such services.
- 4) Examining the regulatory and policy frameworks that affect the 3 selected sectors, and secondary markets, outlining the key provisions, level of implementation and the challenges involved in their implementations. ITC will recommend strategies that will strengthen advocacy activities and maximize engagement with policy making processes at national level.
- 5) Analyzing the overall business environment under which the 3 selected sectors are operating and link this to the national level.
- 6) Analyzing the gender and power dynamics along the value chains and advice on areas for improvement.

5.2 ACTIVITIES TO BE CARRIED OUT FOR MARKET INTELLIGENCE PROJECT PROPOSAL

The Project proposal to be formulated by ITC should help BOCCIM to set-up a comprehensive Market Intelligence Information System for the 3 selected Value Chains (Beef, Horticulture and Tourism). ITC Team will take advantage of the Value Chain Analysis to:

- 1) *Conduct a survey on the private sector market intelligence needs:* This is to ensure that information system to put in place is relevant to the strategic market information needs of the private sector. The survey should also identify the type of information required by target sectors and how this information should be packaged and disseminated for the benefit of SMEs.

- 2) Analyse the technical and financial requirements (costing) and opportunities to set-up such a system in the framework of PSDP.

5.3 PERFORMANCE OBJECTIVES / DELIVERABLES

Based on the detailed analysis of the above, ITC will provide:

- 1) A detailed analysis of the overall market opportunities for the various products within the 3 selected sectors that can potentially be exploited: locations, quantities, quality and other product requirements. Examine if the adoption of certification processes would be an opportunity to explore. Of particular interest to the project are the possible inter-linkages between the 3 selected sectors and other business services e.g. those interventions involving women in these sectors. Where possible, ITC will provide data that can be used to make decisions on future capacity building actions benefiting key champions/leaders to support investment opportunities in the value chains.
- 2) Delineate and examine the different market channels for the 3 selected sectors, outlining opportunities for exploitation, additional investments, challenges and possible interventions. A market segmentation is expected with a possible examination and decision based on previous work done in these sectors by national institutions or donors.
- 3) An analysis of the basic business support services needed to strengthen the market system in support of the small/medium producers/operators. Identification of possible service gaps existing that needs to be filled.
- 4) An analysis of the competitors in the 3 selected value chains, identify the basis for the competition and outline the perception of consumers on products in the three value chains under consideration.
- 5) Advice on the possibility/modalities of branding Botswana products, and services.
- 6) Make a series of recommendations on areas of improvements of the corresponding value chains.
- 7) Make concrete recommendations for a functional business model to strengthen the value chains.
- 8) A pertinent project proposal for development of Market Intelligence Information System in the 3 selected sectors.

5.4 MEASURE OF SUCCESS/PERFORMANCE INDICATORS

The following are some indicators to measure the performance of the technical assistance:

- Provision of strategic support and guidance to PSDP Coordination Unit;
- Timely implementation of the activities;
- Accurate, timely and quality work plan and reports;
- Efficient utilisation of national manpower and financial resources;
- Functional network of private and public institution in Botswana;
- Market survey materials developed and used
- Local experts gain experience in performing VCAD analysis

6 METHODOLOGY

6.1 METHODOLOGY

Throughout ITC's engagement, the programme will include broad participation of beneficiaries including:

- *Policy Makers* (MTI, MoA, Ministry of Tourism ...) : These institutions represent ministries and authorities responsible for influencing or implementing policies in the country;
- *Trade Support Institutions (BITC, etc.)*: These institutions or agencies provide a wide range of trade related services to both government and enterprises;
- *Business Development Services Providers (BOCCIM, LEA, BEMA, HATAB, BOBS, etc.)*: These are associations, or major representatives, of commercial services providers used by exporters to effect international trade transactions;
- *Enterprises*: These include both existing (regular and ad hoc) as well as potential exporters from the 3 selected sectors.
- *Financial Institutions*: The proposal will target the institutions involved in SME financing in Botswana, in particular; CEDA, FNB, Standard Chartered Bank, etc.
- *Civil Society Representatives*: The representatives of the civil society are not explicitly engaged in trade related activities. They are often opinion-leaders representing interests that have a bearing on the country's export potential and socio-economic development.

The following approaches are to be used by the ITC:

- 1) **Desk research** for the analysis of the supply and demand of selected sectors and value chains to be analysed in the framework of PSDP intervention;
- 2) **Field work in Botswana including:**
 - ✓ Identification of and interviews with relevant value chain actors for each of the target product;
 - ✓ Data collection and validation of (experts) statistics where applicable
 - ✓ A deep and accurate value chain analysis for the following sectors: Beef, Tourism and Horticultural (for the products identified);
 - ✓ A participatory approach involving both public and private sector stakeholders, as well as representatives of civil society (e.g. NGOs, unions and academia);
 - ✓ A review of existing trade-related programmes, studies, VCA reports and strategies that will provide the basis for the coherent analysis and that will ensure consistency with the government's policy objectives as well as PSDP expected results;
 - ✓ A mapping of the national trade support network (i.e. of all those public and private sector institutions that have an incidence on competitiveness and export development) and of the mandate and scope of work of all institutions concerned;
 - ✓ A review of the national business environment, including identification of the key competitiveness constraints and of opportunities to maximize the contribution of the export sector to broader socio-economic development.

The intervention will be articulated around two (2) main consultative workshops:

Workshop 1: National level considerations and sector value chain mapping and analysis

Workshop objectives and main outputs are defined as follows:

- Presentation of the VCA methodology, timeline, scope and strategic objectives,

- Conducting an end-to-end mapping of the selected sectors' VC.
- Identifying each sector specific issues separated along 4 dimensions based upon the ITC 4-gears framework (i.e. supply side, business environment, market entry, development).
- Creation/validation of sectors' private-public committees
- TSI mapping
- Competitiveness Constraints Identification and root cause analysis:
 - ✓ Post VC-mapping, identifying constraints along 4 dimensions based on the ITC 4-gears framework.
- Strategic Value Options:
 - ✓ Analyzing selected sector VCs along five value options or lenses according to the ITC VC approach, aimed at identifying creative opportunities related to tangible value acquisition, addition, creation, retention, and distribution in sector VCs.
 - ✓ Filtering value options in the context of realistic implementation, maximum impact, availability of resources, and in terms of the sector's development.
 - ✓ The selected value options will provide inputs into the development of the sector's future export value chain (covered below)
- Target Markets Identification:
 - ✓ Utilizing quantitative and qualitative (including buyers in select target markets + exporters) research to identify target markets for the selected sectors
 - ✓ Defining markets as market segments. Identifying distribution channels (Wholesalers, retailers, online).
 - ✓ Identifying markets along short and medium-long term dimensions.
 - ✓ Identification of market development potential –
 - Market penetration (existing products to existing markets),
 - Product development (new products to existing markets),
 - Market development (existing products to new markets), and
 - Full diversification (new products to new markets) .

Development of a Plan of Action/implementation management framework (Roadmap) for the 3 selected sectors based on developed future value chain and the identified solutions to the root causes.

Workshop 2: Plans of action and Implementation Management Framework

Workshop objectives and main outputs:

- Validation of a strategic Plan of Action/implementation management framework (Roadmap) for the 3 selected sectors based on developed future value chain and the identified solutions to the root causes.
- Identification of systems and structures required to support the successful management and implementation of the Roadmaps over its lifetime:
 - ✓ Monitoring and measurement mechanisms,
 - ✓ Propose a budget for implementing the Plans of Action (Roadmaps).

7 OUTPUTS

The **Value Chain Analyses** will result in a prioritised Plans of Action (Roadmaps) to develop the local, regional and international market of the 3 selected sectors (beef, horticulture (selected products), and tourism) in order to maximize their overall contribution to Botswana socio-economic development.

It will enable the private and public sectors in Botswana to identify in the selected sectors:

- ✓ Main competitiveness constraints and propose response objectives and activities;
- ✓ Opportunities to enhance export performance;
- ✓ Establishment options of private-public platforms/networks in the three sectors
- ✓ Priority cross-sector trade support services to ensure a supportive business operating environment.

Based on the VCA, ITC will provide guidance and support to Public and private stakeholders in the design of a detailed 3-year Plan of Action and Implementation Framework (Roadmap), and will provide Botswana's TSIs with the required facilitation and expertise to guide the country throughout the implementation of PSDP Result Area 1 and Result Area 2 capacity building intervention.

For the Market Intelligence, it is expected that ITC intervention will result in concrete recommendations for the setting up of a Market Intelligence Information System to improve access to market for SMMEs in the 3 selected sectors analysed through the Value Chain study.

The following are the main outputs of the VCA programme by the ITC:

- 1) Detailed value chain analysis reports for the 3 sectors
- 2) Detailed map of the national trade support network (i.e. of all those public and private sector institutions that have an incidence on competitiveness and export development) and of the mandate and scope of work of all institutions concerned;
- 3) Detailed Plan of Action, Resource Assessment and Implementation Management Matrix for each sector including but not limited to the following.
 - ✓ Characterization of the actors in each of the value chain
 - ✓ Problems in accessing current and potential regional and international markets
 - ✓ Appropriate solutions to remove the bottlenecks
 - ✓ List of capacity building priority actions
 - ✓ Detailed list of actions, expected results and timeline for the development of the target sectors
 - ✓ List of institutions responsible for implementing action plans
 - ✓ Detailed resources needed for the implementation of Plan of Action.
- 4) Detailed project proposal for Market Intelligence System including type of information required, structure of the database and type of equipment needed, and the costing.

8 REQUIREMENTS

8.1 PERSONNEL

1) Team composition

ITC team will be composed but not limited of the following experts:

- A Team Leader with minimum an advanced degree in Economics, Finance, Management, Trade, Investment, International Relations, or any related discipline)

- International experts specialized in value chain analysis with minimum a master degree in business and administration of economics, and
- National experts specialized respectively in beef, horticulture and tourism or private sector development with minimum a master degree in business and administration of economics.

When possible, ITC will work closely with LEA which developed value chain approach as well as with national institutions consulted during the pre-engagement mission in the framework of this assignment.

2) Profile of key Experts

The ITC will share with the Job Descriptions and the personal history forms of the consultants being employed under the project. The team of consultants will be composed of high level experts with experience in value chain analyses in developing countries and strong coordination/organization/networking skills.

The Team Leader should hold minimum an advanced degree in Economics, Finance, Management, Trade, Investment, International Relations, or any related discipline, with at least 10 years experience on private sector development; strong coordination/organization/networking skills and experience in coordinating teams of experts; experience in conducting value chain analyses in developing countries; experience in advising on institutional development to comply with quality requirements (market access requirements and regulatory frameworks, risk management) and certification schemes; knowledge of trade challenges; experience of financial institutions and mechanisms dealing with enterprises financing; working experience in the following areas; capacity building of SMEs, IOs, BDSPs, Trade, Finance and Investment, gained either through direct technical responsibility or through the management of projects in these areas. Knowledge of European market and the three (3) sectors covered by ITC intervention is an advantage.

8.2 LOGISTICS AND DURATION

8.2.1 Logistical Support

When possible, CDE/PSDP will provide the Office space and will make practical arrangements (missions) for the ITC for the implementation of this assignment. Three (3) coordination meetings are foreseen during the assignment with the CDE/PSDP Coordinating unit.

The following documents will be provided to ITC:

- a) Value chain analysis reports of MoA, LEA and BCA
- b) Private Sector Development Strategy
- c) Annex 1 of the Contribution Agreement (Description of the Action “Support the implementation of the Private Sector Development Strategy and the Economic Diversification Drive”
- d) The “Economic Diversification Drive” Strategy
- e) Other relevant information deemed necessary to support the Technical Assistance programme.

8.2.2 Duration

The assignment will be carried out for a total duration of twelve (12) months. However the deliverables for both Value Chains Analysis and Market Intelligence project proposal should be completed in five (5) months after the start of the project. It is expected that the assignment will begin in December 2013 and January 2014 at the latest. The precise date will be determined in consultation between CDE Office in Southern

Africa and involved implementing partners. All value chains studies are expected to be launched at the same time including the project proposal to set-up Market Intelligence.

8.3 MONITORING AND EVALUATION

A Monitoring and Evaluation Committee (M&E Committee) composed of CDE, MTI, BOCCIM and PSDP will oversee the implementation of this Technical Assistance programme.

9 REPORTING

The following are reporting requirements for this Technical Assistance to PSDP.

9.1 DELIVERABLES FOR VALUE CHAIN ANALYSIS

- ***Deliverable no. 1: Plans of action and Implementation Management Framework***

The report of ITC intervention related to Value Chain Analysis concerns the preparation of Plans of actions and implementation management framework (Roadmaps) that will serve as the basis for capacity building actions of PSDP.

Based on the findings of Workshop 2 (see Section 7), the ITC team will prepare and present the ***Plans of action and Implementation Management Framework (deliverable no. 1), four (4) months after the project's start***, containing the following:

- ✓ Mapping of the three value chains under study
- ✓ Strategic Plan of Action/implementation management framework (Roadmap) for the 3 selected sectors
- ✓ Plan of Action/implementation management framework
- ✓ Systems and structures required to support the successful management and implementation of the Roadmaps over 3-year period.

9.2 DELIVERABLES FOR MARKET INTELLIGENCE PROJECT PROPOSAL

Deliverable no. 2: Market Intelligence Project Proposal

The Project Proposal should specifically identify the type of information required by the three different sectors and how this information should be packaged and disseminated, the Technical Specification of equipment needed and the costs for implementing the Market Intelligence Information System.

- ✓ Deadline: Submission of Market Intelligence Project proposal (deliverable no. 2): **Four (4) months after the project's start.**

9.3 FINAL REPORT

The Final report (***Deliverable no. 3***) will integrate the response to all comments by CDE/PSDP regarding the 2 deliverables above.

- ✓ Deadline: **Five (5) months after the project's start.**

10 BUDGET FOR THE INTERVENTION

10.1 FEE RATES AND OTHER COSTS

This is a Global Price contract for ITC intervention. Maximum amount available for assignment is Euro 150,000 covering Fees, direct costs, reimbursable costs and management costs.

ANNEXURE

ANNEX 1: PRIVATE SECTOR DEVELOPMENT PROGRAMME (PSDP) DOCUMENT

1. CONTEXT

Historically, the private sector in Botswana has played a peripheral role in economic activity. The government plays a major role in business activity with Government institutions providing private sector development services such as training and mentoring, product development, market research and financial support. The public sector employs over 40% of the formal workforce.

Estimates by the International Monetary Fund indicate that there was a decline in the private sector's contribution to gross investment (measured as a percentage of Gross Domestic Product (GDP)) from 18% in 2007 to 8.9% in 2009 while the same ratio for the public sector increased from 7.8% to 15.1% over the same period. The private sector's contribution to gross savings declined from 20.3% in 2007 to 9.9% in 2009, while the public sector's contribution declined from 20.1% to 12% over the same period. This situation to a large extent reflects the impact of the global financial crisis and the vulnerability of the private sector to external shocks.

The participation of the private sector in the economy is being encouraged by the privatisation initiative an example being the privatisation of the Botswana Telecommunication Corporation. Private sector participation in the economy will also be spurred by the Public-Private Partnerships (PPPs) with a framework for PPPs having been put in place in 2009.

It is the context of the above scenario that the Private Sector Development Strategy (PSDS) was conceived. The PSDS was developed through extensive consultations with various stakeholders and was launched at the height of global financial crisis in 2009. The PSDS is built on four priority areas, which are trade expansion, improving labour productivity, support to trade support institutions and improving the business climate. Four cross cutting issues which have a bearing on private sector development have also been identified and they are; gender, the youth, HIV and AIDS and the environment.

The main problems affecting the private sector in Botswana are:

- i. A small domestic market with a declining population growth rate;
- ii. Dominance of Government sector in economic activities including the Government led agenda for private sector initiatives;
- iii. Slow progress in the implementation of the privatisation process;
- iv. Vulnerability of the private sector to exogenous shocks;
- v. Weak labour market characterised by skills shortage, uncompetitive labour costs, low productivity and poor work ethic;
- vi. Limited Research and Development activity; and
- vii. Unfavourable private sector environment.

SWOT Analysis of the Private Sector in Botswana

<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Strong economic performance with real GDP expected to average 6% in the medium term. (GDP is expected to rebound to 8.4% in 2010 from -3.7% in 2009) • Good business climate ranking (World Bank November 2010), Botswana had an aggregate ranking of 52 out of 183 countries and is ranked number 3 in Africa behind Mauritius and South Africa. • Good platform for trade expansion. • Preferences to local suppliers for goods and services. • PPPs being promoted by the Government. • Prospects of trade in services under the Economic Partnership Agreement (EPA). 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Botswana is landlocked with a small domestic market (population of 1.7 in 2008 and a declining population growth rate). • Decline in Foreign Direct Investment from US\$1,821 million in 2000 to US\$938 million in 2006 • Exports dominated by the mining sector with diamonds accounting for 74% of exports.
<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Investment in beneficiation and value addition of primary products in the country. • Investment by the government in the development of human resources • Well-structured private sector associations with competent staff. • Potential growth in some sectors such as agro and the Information and communications technology (ICT). 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Little support to the private sector resulting in lack of growth. • Skills shortage. • Lack of market information. • Little resources put into Research and Development. • Delays in quality and standards testing and high costs charged by Botswana Bureau of Standards. • Overlapping activities by private sector associations.

A number of factors have changed since the since formulation of the PSDS and these include:

- a) Economic recovery post-recession and the global financial crisis;
- b) The economic diversification drive;
- c) Government procurement targeting small, medium and micro enterprises (SMMEs); and
- d) The growing importance of services sector.
- e) As a result of this a PSDS needs and capacity survey was conducted. This survey's executive summary has been inserted below.

2. PSDP IMPLEMENTATION NEEDS AND CAPACITY SURVEY

A needs and capacity assessment was undertaken as part of the preparatory activities carried out during the design of the programme. The survey findings are summarised below.

SMME Capacity Building needs:

The prioritised capacity building needs for SMMEs in Botswana are presented below as follows:

Capacity Building Intervention	SMME Capacity Building Needs	Priority ¹
<p>Technical Assistance</p> <ul style="list-style-type: none"> • Regional and international 	Assist selected SMMEs to identify and utilise market opportunities created through regional and international trade agreements.	1

¹ Priority 1 is the highest

Private Sector Development Programme Botswana
Terms of Reference for Value Chain Analysis and Market Intelligence Project Proposal
Version prepared by PSDP with assistance by ITC expert

Capacity Building Intervention	SMME Capacity Building Needs	Priority ¹
market access	Provide advisory services to selected SMMEs on export value chain management i.e. supply chain management, export quality management and packaging.	2
<ul style="list-style-type: none"> Export value chain management Regional and international financial financing schemes access. E-business solutions to enhance competitiveness. Business environment hindrances removal 	Provide selected SMMEs with sustainable and adapted e-business solutions to enhance competitiveness and facilitate access to market intelligence for better bargaining power in export markets e.g. connecting them to powerful export oriented websites e.g. for Botswana Exporters and Manufacturers Association (BEMA).	3
	Assist selected SMMEs in the identification and accessing regional and international financing schemes.	4
	Assist selected SMMEs to identify unfair business practices by dominant players and how to advocate for their removal.	5
Mentoring & Coaching.	Coach selected SMMEs to enter into and maintain regional and international strategic partnerships.	1
<ul style="list-style-type: none"> Regional and international strategic partnerships. Local, regional and international competition. Quality Assurance 	Mentor selected SMMEs on how to compete effectively locally, regionally and internationally.	2
	Coach selected SMMEs on quality assurance schemes to ensure production of quality goods e.g. ISO certification.	3
On the job training (OJT)	Train selected SMMEs on the OJT and how to continuously train their staff on productivity and quality improvement etc.	1
<ul style="list-style-type: none"> Productivity & Quality Business skills development. 	Train selected SMMEs on; <ul style="list-style-type: none"> Budgeting and cost analysis skills. Effective operations and manufacturing. How to effectively access Citizen Entrepreneurship Development Agency (CEDA) financing it and how to manage it. 	2
Workshops / Seminars	Train selected SMMEs on competitiveness e.g. export packaging, export marketing and branding.	1
<ul style="list-style-type: none"> Export value chain management. Business skills development. 	Train selected SMMEs on; <ul style="list-style-type: none"> Export quality and supply chain management. Project proposal development to support credit applications. Effective negotiating skills. Business stewardship principles e.g. utilization of business credit obtained and advocacy and lobbying. 	2
Benchmarking / Learning Visits Practical learning of regional and international best practice by learning visits.	<ul style="list-style-type: none"> Assist selected SMMEs to undertake benchmarking visit/s to learn regional and international best practice vis a vis SMME competitiveness and productivity. 	1

2.1 SMME Support Institution's Capacity Building Issues

The prioritised capacity building needs for institutions that are supporting SMMEs in Botswana are as follows:

SMME Support Institution	Capacity Building Need	Priority
BOCCIM	Support to Botswana Confederation of Commerce, Industry and Manpower (BOCCIM) to have the capacity towards the implementation of the Private Sector Development Strategy.	1
	Assist BOCCIM to establish sector desks that would deal directly with sectors and strengthen priority sectors.	1
	Develop the capacity of the Women in Business Association under BOCCIM in order to make it an effective association with the ability to adequately represent its membership.	1
	Develop the capacity of BOCCIM to make the organization an Apex Body as indicated in the private sector development strategy.	1
	Coach identified BOCCIM personnel on carrying out research and economic policy analysis on internal and international trade, project management, sector co-ordination and SMME development.	2
	Assist in the identification and establishment of a mechanism for assessing and reporting the impact of services provided to members and train BOCCIM personnel on it.	2
	Train selected BOCCIM members on how to skilfully engage with government and development partners on technical issues.	2
BEMA	Provide technical assistance to BEMA to build trade and export database.	1
	Sponsor some expert retirees to be attached to BEMA for a period of time to work on specialist projects identified by BEMA.	2
	Assist BEMA to lobby and negotiate with the relevant authorities with a view to manage the cost of manufacturing and exporting in Botswana.	3
	Assist BEMA to market its services to exporters and manufacturers not currently BEMA members.	4
	Assist BEMA to negotiate with BOCCIM to take over all the exporting and manufacturers that are in BOCCIM's database with BEMA paying back to BOCCIM a percentage of the subscription fees of those that are so transferred. BEMA is a member of BOCCIM and so an agreement can be worked out. This will increase the BEMA member's subscription base.	5
Hospitality and Tourism Association of Botswana (HATAB)	Assist HATAB to develop a strategic plan to think through how they can deal with the human and financial constraints they face.	1
	Assist HATAB to develop a performance management system.	2
Botswana Training Authority (BTO)	Assist BTO with technical expertise to assist it to "think outside the box" vis a vis how to do more to assist the community based organizations given the current budgetary limitations.	1
National Development Bank (NDB)	Enter into a memorandum of understanding with Local Enterprise Authority (LEA) and CDE to influence the NDB members' capacity building.	1
Ministry of Trade and Industry (MTI)	Assist MTI with technical expertise to enhance its capacity to manage the PSDS.	1

SMME Support Institution	Capacity Building Need	Priority
BOBS	Assist BOBS to enter into strategic alliances with organizations already decentralized to negotiate and work out the modalities of how, BOBS' services can reach the rest of the country without it establishing offices countrywide.	1
Botswana National Productivity Centre (BNPC)	Provide technical assistance to BNPC and other assigned Parastatals to find synergies between PSDS and EDD work vis a vis capacity building of the Botswana private sector.	1
	Assist BNPC with technical expertise to assist it to "think outside the box" vis a vis renewal of itself in the face of dwindling government financial support in order to effectively support SMMEs	2
	Assist BNPC to extend the BNPC-Japanese productivity centre programme focused on carrying out "kaizen" and other productivity interventions at the company level to selected SMMEs.	3
CEDA	Assist CEDA with technical expertise to negotiate and look deeper in the relationship with LEA and how it can be arranged for the benefit of their mutual clients i.e. SMMEs	1
	Coach CEDA'S mentors on effective mentoring.	2
LEA	Pilot project on accreditation (training certification) with CDE	1
	Capacitate LEA consultants who are accredited by Botswana Training Authority (BOTA) and Botswana Bureau of Standards (BOBS).	2

2.2 SMME Support Institution's Capacity Building Cross Cutting Issues

The crosscutting capacity building needs for SMMEs support institutions in Botswana are recommended as follows:

Cross Cutting Need	Description
Effective Information Dissemination	Train the SMME support institutions on effective information dissemination to SMMEs.
Performance Monitoring System	Develop web-based performance monitoring systems for all the SMME support institutions.
CDE-BOCCIM-BEMA- BEDIA (Botswana Export Development and Investment Authority) concept paper recommended cross cutting Issues.	Trade information, trade finance, quality management, trade promotion and national branding, enterprise development, export packaging and institutional strengthening

2.3 Criterion for Choice of Sectors to Focus on in the Capacity Building Programme

Based on the literature review as well as the findings of the survey, the recommended criterion is as follows:

- Botswana Government policy and areas already identified i.e. the sectors should be in line with the Botswana Government identified six focal sector popularly known as hubs.
- Sectors that are exporting or have a potential to export.
- CDE's area of expertise so as to bring in the regional and international expertise.

Following this criterion the recommended sectors for the capacity building programme² to consider in order of priority are as follows:

Sector	Rationale	Priority
Manufacturing including agro industries	Potential to make meaningful impact by targeting SMMEs that are exporting and or have a potential to export.	1
Tourism	Government of Botswana chosen area of focus.	2
Construction & Public Works	CDE has experience from elsewhere in the Africa Caribbean Pacific region (ACP).	3
ICT	Government priority.	4

3. LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons Learnt

- a) There are problems in addressing all Non-State-Actors (NSAs) under one umbrella as defined in the Cotonou Agreement.
- b) There is limited communication and coordination among the different Business Development Service Providers (BDSP).
- c) There is limited capacity of intermediary organisations.
- d) There is lack of knowledge about services being offered by the different institutions.
- e) Support to the private sector has to be synchronised with the private sector development strategy.
- f) Capacity building and skills development has to be looked at from a broader perspective beyond the focus on formal training and workshops but also to look at mentoring, exchange visits, technical studies and reviews, coaching and on the job training.

3.2 Complementary Actions

There are some private sector support programmes in the region but they are not specifically for Botswana as the country is regarded as a Middle Income Country. The CDE has its regional office in Botswana but its means to support the private sector in Botswana are limited. The CDE together with the Ministry of Trade and Industry, BOCCIM, BEDIA, BEMA, CEDA, LEA and Botswana International Financial Services Centre (IFSC) have elaborated a project proposal to support the implementation of the PSDS under what is now defined as the Private Sector Development Programme (PSDP). Botswana has benefited from the deployment of a trade policy analyst under the Trade Com ‘hubs and spokes’ initiative. United Nations Industrial Development Organization (UNIDO) has indicated its intention to include Botswana in their Regional Supplier Benchmarking Programme dealing with among other issues capacity building and investment promotion.

² Usage of the term programme simply refers to a number of collective activities that are addressing a common thematic area.

The African Development Bank, in conjunction with the Government of Botswana, is developing a UA 632 000 project to build the capacity of the Public Enterprises Evaluation and Privatization Agency through transaction support, training and assistance in preparing a citizen empowerment policy.

The PSDP will ensure that it builds up and complements all these current as well as any new initiatives that are directed at building the capacity of the private sector.

4. DONOR COORDINATION

Specifically, no development partner is providing support to the implementation of the PSDP. It is envisaged that the Ministry of Finance and Development Planning (MFDP) through the National Authorising Office (NAO) will play a key role in donor coordination. The MTI is expected to lead donor coordination in all activities that are related to building the capacity of the private sector and in this regard, it is expected that a donor coordinating forum will be set up to ensure regular exchange of ideas and experiences related to the implementation of the PSDP. Mapping of donors actively supporting the PSDP will be conducted by the MTI and the results will be posted to the Ministry's website and updated regularly.

5. EXPECTED RESULTS

The implementation of the PSDP is expected to strengthen private sector intermediary organisations and companies and ensure that they contribute to the economic diversification process. The programme will also support the MTI as the lead ministry in the implementation of the PSDS. The following result areas are targeted under this project:

- a) **Result Area 1:** Capacity and competitiveness of SMMEs and Community Based Organisations (CBOs) including value chains is strengthened.
- b) **Result Area 2:** Service delivery of targeted Intermediary Organisations (IOs) and Business Development Service Providers (BDSPs) is enhanced.
- c) **Result Area 3:** Business environment for enterprises is improved. (Reduction of red tape and pilot on improved access to financing for SMMEs).

6. ACTIVITIES AND IMPLEMENTATION TIMETABLE

6.1 Description of Activities

The main activities under each of the result areas are described in detail in the following section below. It is noted that there will be flexibility by the Management Committee responsible for overseeing the implementation of the PSDP to add or modify these activities in line with the reality on the ground while ensuring that there is good complementarity with the implementation of the PSDS. These changes have to be recorded in minutes and endorsed by the EU. Annex I-A provides a useful baseline on the status of the implementation of the PSDS and will be used as a basis of measuring progress in the implementation of the PSDP.

Result Area 1: Capacity and competitiveness of SMMEs and Community Based Organisations (CBOs) including value chains is strengthened, in a selected number of economic sectors.

Activities under this result area will focus on capacitating SMMEs and CBOs in terms of their entrepreneurial skills. Training workshops as well as onsite mentoring and coaching will be provided for selected small groups of SMMEs to build their expertise in key business subjects. A special programme will be designed and implemented targeting the women and youth in order to build their entrepreneurial skills. In partnership with the key private sector organisations, an export focused entrepreneurship development

programme will be implemented to nurture the SMMEs that can be show cased as successful models out of which the government can replicate the model on a wider scale.

Trade missions will be organised for the selected priority sectors³ targeting both regional (SADC) as well as European markets especially for the agro industry and tourism sector, which have growth potential. Prior to the launching of the trade missions, detailed surveys will be undertaken in the target markets. This will focus on building the capacity of the Women in Business Association to provide services to their members who are mostly women entrepreneurs with some engaging in cross border trade. There are several women's groups in Botswana that have targeted the export market – either through direct sales at trade fairs or through sales to tourists at retail outlets. One example is the Etsha weavers group, which brings together over twenty female weavers and produces unique hand crafted baskets. Another is Women's Work, which supports the production and sale of a range of products for export – including ostrich eggshell jewellery, baskets, and craftwork and beauty products. With regards to the exact nature of the products and markets to be promoted, it is important to bear in mind that the programme aims to support diversification and innovation, and ensure that those groups with drive are supported. Work assessing the potential for export, in particular at the SMME level, has identified the areas selected (sub sectors would include leather, honey, weaving, and community based tourism). However, the programme should not be over restrictive. Those seeking new markets with new products should not be ruled out without due consideration of the business case.

There will also be sensitisation of these SMMEs and CBOs on quality standards, which are important in terms of giving them a competitive edge on both the local and international market. Value chain linkages in the priority sectors will be strengthened with large firms and the government being encouraged to procure goods and services from the SMME sector. Linkages will also be established with international firms with trade missions being organised for selected sectors and markets. A gender programme that supports business services for women in international trade will be implemented. The programme called 'ACCESS!' has been developed by the International Trade Centre (ITC), which seeks to address specific challenges that are faced by women exporters in international markets. The intervention aims at improving business support services for women engaged in international trade with the ultimate objective to increase their export readiness and success on regional and international markets. 'ACCESS!' addresses the particular needs of businesswomen by enhancing their access to a comprehensive package of trade support services, including exporters' training, mentorship, business counselling, product and market development, business networking and trade intelligence.

In relation to the Trade missions, the number of companies/persons that will benefit from support to explore international markets will be close to what is described below, over the duration of the programme. Only economy class tickets will be provided.

Sector	Number of companies	Missions	Per diem and Travel	Total
Agro industry	10	3	2500	75 000
Tourism	10	2	2500	50 000

The gender programme will also include gender mainstreaming of the key trade development tools such as the National Export Strategy, Investment Strategy and the Economic Diversification Drive. Mainstreaming will entail reviewing these programmes with a gender-lens to ensure that they specifically and comprehensively address issues that constrain women's fuller engagement in business and export especially access to productive resources, entrepreneurship competency, access to finance and market entry. Using the ITC-developed guidelines for gender dimension of export strategy gender-sensitive value chain analysis of the priority sectors will be done to reveal options for greater and more equitable economic participation of both men and women. Youth will also be considered under this.

³ Manufacturing including agro industries, Tourism, Construction & Public Works, ICT

Sensitisation on issues to do with environmental protection including the impact of climate change on business will be undertaken.

Activities are summarised as follows:

1. Conduct training workshops and provide on site mentoring and coaching to a select group of SMMEs to build expertise in key business subjects.
2. Design and implement a quality improvement programme for SMMEs. Conduct annual sensitisation workshops for manufacturers and service providers on quality standards.
3. Design and implement an export focused entrepreneurship development programme and in particular support women owned SMMEs to participate in international trade.
4. Organise a platform to promote closer business linkages between SMMEs and large firms as well as with the government and design a programme to nurture the SMMEs.
5. Conduct awareness campaigns to promote environmental protection among SMMEs and CBOs

Result Area 2: Service delivery of targeted Intermediary Organisations (IOs) and Business Development Service Providers (BDSPs) is enhanced.

Existing private sector associations will be targeted in terms of a review of their mandates and capacities. Support will be provided to establish or to strengthen an apex body to coordinate the private sector in Botswana. On account of its consistency in advocating for its members' interests and having in its membership the bulk of the big businesses in the country, BOCCIM has emerged as the most articulate voice of business. The government has found it as the most reliable and well-placed organization to partner with in addressing private sector concerns. Nevertheless there are several businesses, which do not ascribe to BOCCIM's modus operandi and therefore feel left out hence the frequent calls for an umbrella organization that would house the entire business community. Such could be a Private Sector Foundation (as in Uganda, Tanzania, and Rwanda) or a National Business Forum (as in Zambia) or a Private Sector Alliance (as in Kenya). In line with this, the Government of Botswana would therefore like to have one representative, one voice from the private sector and BOCCIM, which is the most active association, could play this role. The plan is to facilitate dialogue with other associations and avoid duplication while promoting effective coordination and also to ensure that BOCCIM's new structure accommodates this new role.

The PSDS identified a need for a private sector umbrella or apex body with a clear structural framework that effectively links with the sector associations and represents all sectors effectively. Assistance will be provided to strengthen the capacity of these IOs as well as the BDSPs. Support will be provided to BOCCIM to build their capacity to coordinate the implementation of the PSDS and the PSDP. A network of Trade Support Institutions (TSIs) will be established to promote a collaborative approach by the various institutions supporting the development of exports. Through training, coaching as well as advisory services, the programme will assist the TSIs to build their network as well as to identify key needs. Networking and collaboration will be promoted through an interactive web based platform, which will be established. The web tool will assist SMMEs to be aware of the type of services that are being offered by each TSI and BDSP. The intention is to roll out/promote usage of the Com4Dev platform elaborated by the ProInvest programme and to see how this tool can be used to provide information about TSIs and Business Development Service Providers (BDSPs) in Botswana.

TSIs and BDSPs will be encouraged to register on the platform. Com4Dev is a web-based platform that aims at building a dynamic, interactive community of Donors, Public and Private sector organizations and companies across Africa, the Caribbean and the Pacific (ACP). Com4Dev allows users to network and share

Information on regions, countries, organisations, companies, programmes, projects, opportunities, events, studies, reports and best practices. The target users are:

- Intermediary Organisations
- Development agencies
- Export Promotion Agencies, Investment Promotion Agencies
- Consultants

Two of the programme's stakeholders, BEDIA and BOCCIM, were trained twice in Brussels on the Com4Dev platform. The objective is to encourage the registration of all the key private sector associations in Botswana.

A benchmarking learning platform will be created to provide information to managers of the TSIs as well as the BDSPs so that they can set their performance targets including areas where they need to improve and share lessons learnt. A major study will be launched to establish the level of women participation in the leadership of IOs as well as BDSPs. Based on the results; a capacity building programme will be developed to support the involvement of women in the governance structures of the IOs. A programme will be designed and implemented to build the capacity of IOs in policy research and analysis as well as in effective lobbying and advocacy. The programme will focus on public-private policy dialogue. The programme will facilitate the operations of the structures that are supporting the implementation of the PSDS. Capacity of MTI will be improved in its leadership role of implementing the PSDS. A system of monitoring and evaluating the implementation of the PSDS and PSDP will be developed and will be implemented.

The activities are summarised below:

1. Conduct a review of the mandates and capacity of key private sector associations; design and implement a programme to support the establishment of or strengthen an apex body to coordinate the private sector in Botswana.
2. Establish a web-based platform (Com4Dev) to promote networking and collaboration and to inform SMMEs on services that are offered by TSIs and BDSPs.
3. Establish benchmarking learning platform centred on TSIs and BDSPs to inform management and allow information sharing and interaction.
4. Conduct a study on the participation of women in the leadership of IOs and BDSPs and develop a capacity building programme to address challenges that hinder the involvement of women in governance structures.
5. Conduct training of IOs in policy research and analysis as well as in effective lobbying and advocacy
6. Support BOCCIM in the implementation of the PSDS. Establish a web based performance monitoring and evaluation system for the PSDS and PSDP at MTI and the implementing institutions.

Result Area 3: Business environment for enterprises is improved. (reduction of red tape and pilot on improved access to financing by SMMEs)

The registration and tax compliance costs for SMMEs will be reviewed. This could result in the creation of a single window for the creation of enterprises. A programme will be implemented to provide innovative access to finance solutions for SMMEs focusing on women and young entrepreneurs. To address the challenges faced by banks in rapidly assessing SMME needs, trade finance software will be customised and piloted in Botswana with the major banks that are offering credit facilities. At the same time, training courses will be offered for SMMEs on how to access finance. Essentially this will involve providing practical training for SMMEs on financial management and on how to access funding from financial institutions. The primary objective will be to work closely with financial institutions to unpack their requirements and develop standard, easy to use checklists for the SMMEs. This will be complimented by introducing the ‘trade finance software’ that has been developed by ITC. It is innovative in that it is a unique partnership between banks, Trade Support Institutions and loan recipients to enable early detection of repayment problems, coupled with targeted coaching of the SMME to address issues identified.

CDE is already working on a programme with CEDA to support SMMEs through delivery of pre and post investment technical assistance and access to equity and loan finance. The intention is to deepen this support by involving other financial intermediaries targeting SMME development. There is clearly an appetite amongst financial institutions for innovative (not the “normal”) approaches to better address the needs of the business community, as evidenced by First National Bank’s Memorandum of Understanding with the Women in Business Association to support the latter’s savings mobilisation scheme. Initial consultations done by the ITC and CDE during the development of the PSDP indicated a great interest by local banks on this project. The programme will strengthen the capacity of SMMEs on the pre and post investment phases, in order to present credible business plans to the financial institutions dealing with SMMEs. Support will be given to the private sector to submit input into the development of a micro finance policy framework for the country.

A trade facilitation consultative group will be established to review, revise and streamline import and export procedures. Capacity building will be provided to the members of the trade facilitation consultative group. A review of implementation of the Foreign Investment Advisory Service recommendations will be done with a view to see areas that still need to be tackled to improve the investment environment. Reviews of the labour laws will be undertaken to identify bottlenecks and recommend labour productivity improvement strategies. MTI has expressed their support in the review of labour laws, as this is an ongoing initiative, which they have been working on with the private sector. The focus of the PSDP will be on labour laws that facilitate SMME development and those that promote investment. This will involve the Ministry of Labour and Home Affairs and MTI. IOs will be involved in this initiative to provide input on areas that require revision.

Support will be provided to BOCCIM for the supervision of the implementation of the PSDS/PSDP and a web based performance monitoring and evaluation system will be established for the PSDS and PSDP at MTI and the implementing institutions.

Activities are summarised below:

1. Review the registration and tax compliance costs and procedures.
2. Develop and implement an innovative trade finance scheme for SMMEs to provide access to finance solutions, with particular attention for women entrepreneurs.
3. Support the development of the micro finance policy framework.

4. Establish trade facilitation consultative group and provide capacity building services to its members.
5. A review of implementation of the Foreign Investment Advisory Service recommendations will be done with a view to see areas that still need to be tackled to improve the investment environment.
6. Conduct reviews of the labour laws to identify bottlenecks and recommend labour productivity improvement strategies.
7. Conduct reviews of the import and export procedures

The project will seek complementarities and synergies with other EU support programmes as CTA, Bizzclim, COLEACP and TRADECOM. The activities might be complemented with activities from the Commonwealth Secretariat and Channel.

7. RISKS AND ASSUMPTIONS

7.1 Risks

An analysis is made in the matrix of the main risks and mitigation measures that are anticipated in the implementation of this programme.

Main Risks	Mitigation Measures
Government has insufficient capacity to manage the project in accordance with EDF procedures.	The EU to enter into a Contribution Agreement with CDE to manage the programme under the supervision of the MTI and Technical Assistance (TA) specialised in EDF procedures to be seconded to CDE.
Government does not have sufficient financial and human resources to progress the implementation of PSDP.	The Government has started the process of structural reforms such as privatisation, which will encourage private sector growth without much of a financial burden.
The pace of implementing the PSDS continues to be slow.	The capacity building of both the government and the leading private sector associations will assist in addressing this risk.
Intermediary organisations and private sector players do not have the will to implement program.	Inclusion of the IOs on the PSC will ensure that they take full ownership and remain committed to the implementation of the PSDP.

7.2 Assumptions

The main assumptions are that

- The Government of Botswana through the MTI will actively support the programme and will provide office space, equipment, communication and transport costs.
- The Government of Botswana will provide financial guarantees for grants that are given to the Intermediary Organisations.

8. CROSSCUTTING ISSUES

Democracy, gender equality, environmental sustainability, good governance and human rights, the rights of the disabled, child and indigenous people and HIV and AIDS are covered by non-governmental organization (NGO) and CBOs with international treaties and conventions honoured with Government. They need to be engendered as part of good enterprise management.

Gender equality as well as support to the youth in business will be given special consideration in the activities to be implemented. In particular the increased involvement of women in the governance structures of the IO will be taken into consideration. The programme will sensitise the private sector on the negative impact of climate change and seek to promote positive engagement of business to act as they realise that this is not just a public sector responsibility. Good governance will be promoted through the capacity building initiative targeted at the IOs.

9. STAKEHOLDERS

The main stakeholders in the project are Private Sector Organisations, Government Ministries and Parastatals, the EU and other Development Partners. The following is a list of some of the stakeholders that have a key role to play in the implementation of the PSDP

- Ministry of Foreign Affairs and International Cooperation (MFAIC)
- MTI
- Ministry of Finance and Development Planning (MFDP)
- European Union Delegation (EUD)
- CDE
- Botswana Confederation of Commerce, Industry and Manpower
- BEDIA
- BEMA
- LEA
- BNPC
- Botswana Bureau of Standards
- CEDA
- Botswana Tourism Organisation
- HATAB and
- Botswana International Financial Services Centre.

10. THE TRADE SUPPORT NETWORK

Botswana has a broad network of institutions, ranging from private sector intermediary organisations to government agencies to international donor programmes that provide a comprehensive range of services to support trade. Services provided include training, product development, quality improvements, financial and marketing assistance and management development. The capacity and level of involvement varies greatly. And mandates often overlap. The lack of effective co-ordination has often led to ineffective and inefficient use of resources.

The following overview of the institutions comprising the trade support network is taken from “Analysis of Botswana’s Trade Related Strategies and Policies” Leon Skarshinski (2009)⁴. In addition to these generally cross cutting issues, there are agencies for specific areas of support. In addition to the International Financial Services Centre (IFSC) (listed below) there are also special economic zones to support the development of hubs for several areas – including innovation, diamonds and transport.

⁴www.satradehub.org/.../Technical%20Report%20%20Botswana%20Trade%20Strategy%20Analysis.pdf

Market Promotion and Access

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

Quality Control, Standards and Production

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

Trade Policy Research

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

Technology Transfer

- Botswana Technology Centre
- Rural Industries Innovation Centre
- Botswana Training Authority
- Ministry of Science and Technology
- National Food Technology Research Centre

Financing

- Citizen Entrepreneurship Development Agency
- National Development Bank
- Botswana Development Corporation
- Botswana Export Credit Insurance
- Women's Finance House

Entrepreneurial Development

- LEA
- BOCCIM
- CEDA
- Small Business Council
- United States Agency for International Development and United Nations Development Programme
- American and African Business Women's Alliance and Botswana Women in Business Association
- Women's Finance House
- BEMA
- BEDIA

11. ORGANISATIONAL SET-UPS AND RESPONSIBILITIES

This Contribution Agreement is signed within the framework of the Government of Botswana – EU Financing Agreement (FA), entitled: *10th EDF Empowering non state actors (NSAs) in Botswana*. There are two components in the larger financing agreement of which one, component 2, will be implemented through this CDE contribution agreement. Therefore, the organisational set-up within the contribution agreement will be aligned with the organisational set-up foreseen in the Financing Agreement.

The Financing Agreement foresees a quarterly steering committee under the leadership of the MFDP, to which the CDE, MTI and BOCCIM are part and will report on progress in the implementation of the specific contribution agreement and on progress in the implementation of the PSDP in the framework of PSDS and EDD, using annex 1.A

In addition the Financing Agreement foresees a management team/committee (MC) for component 2 under the leadership of MTI and to which the Long Term Senior Capacity Building expert, recruited under the FA, will be part. MTI will chair the Management Committee and will be represented at the level of Director. The Management Committee (MC) will meet on a monthly basis. The Economic Diversification Drive (EDD) Unit and the Planning Unit from MTI will also be part of the MC. The chairman will be supported by a secretariat taken up by the 'programme coordinating unit', which will be recruited by the CDE.

This Management Committee will further include a representative of the NAO, EU, CDE and BOCCIM. Representatives of each institution benefiting from this contribution agreement will be represented on the MC when a topic that specifically concerns them is to be discussed.

The Committee will give overall policy guidance for the implementation of the contribution agreement and approve the annual work plans. As the specified activities in the contribution agreement are diverse and cannot yet be worked out on the level of their specific embedment into the Botswana context and how added value will be transmitted from each activity to Botswana organisations, the Management Committee will approve ex-ante the proposed approach for the implementation and embedment of each of the activities, on the basis of proposals from the programme coordination team.

The implementation partners for this contribution agreement are MTI and BOCCIM. MTI is the ministry in charge of the implementation of the PSDS/PSDP, but has delegated the Monitoring and Evaluation of the implementation of the PSDS/PSDP to BOCCIM. The MTI's role is to ensure effectiveness of the programme through alignment with the larger government of Botswana development agenda especially on poverty reduction, development of SME competitiveness and citizen economic empowerment.

The following three key institutions of the MTI have been involved in the development of the PSDP: CEDA, BEDIA and LEA. These have initiatives within their programmes that address complementary activities to those in the PSDP. Their participation is important because they cover the entire country and that they provide services generally within the entire private sector.

Boccim's role as implementing partner of this contribution agreement is to monitor and evaluate the implementation of the PSDS and PSDP therefore, 30.000 euro will be made available to have expert support to Boccim on the set-up of a qualitative monitoring and evaluation system and 60.000 euro will be made available to Boccim to strengthen its role as monitor and evaluator over the duration of the programme.

ITC is a specialised international institution which is sought to play an important role in this programme. ITC will take care of the following activities in result area 1 activity 3, result area 2 activities 1 and 4, and result area 3 activities 2 and 4. The cost of its participation is mainly in the provision of technical assistance. An indicative needs assessment is given below. A budget of 195.000 euro is allocated for ITC's participation as implementing partner.

For the daily management of the implementation of the contribution agreement, a 'programme coordinating unit' will be recruited by the CDE, including 5 staff, to support MTI and BOCCIM in the implementation of the contribution agreement. As the coordination unit has to be embedded fully into the Botswana structures, its staff will be complemented through secondment of 1 staff of MTI and 1 staff of BOCCIM respectively to provide guidance to the programme coordination unit. For this purpose and to guarantee embedment of the programme, all mentioned staff will be together and take up offices at BITC.

12. COMMUNICATION AND VISIBILITY

In line with European Commission Visibility Guidelines, acknowledgement of the EU contribution to the project will be made in MFDP, MTI, CDE and any other organisations' reports and publications as well as in any workshop or forum associated with this project. A budget allocation has been made to finance specific visibility activities.

13. PROCUREMENT AND GRANT AWARD PROCEDURES

All contracts implementing the Contribution Agreement will be awarded and implemented in accordance with the procedures and standard documents laid down and published by the CDE. For the implementation of the Contribution Agreement, guidelines will be developed through a manual for procedures which will be validated by MTI, BOCCIM, NAO and approved by the EU delegation.

14. LOGICAL FRAMEWORK MATRIX

The Logical framework of the PSDP is shown in Annex 2.

ANNEX 2: PSDP LOGICAL FRAMEWORK MATRIX

	Intervention logic	Objectively Verifiable Indicators	Source of Verification	Risks/Assumptions
Overall objective	To contribute to economic growth, employment creation and diversification resulting in the reduction of poverty.	<ul style="list-style-type: none"> Botswana maintains positive economic growth, with increased contribution from the private sector. 	<ul style="list-style-type: none"> National economic statistics. Reports by UN, IMF, World Bank, OECD, AU 	
Project purpose	To improve the business environment in Botswana and stimulate economic diversification in the private sector. Develop and increase the role of the SMMEs in the economy	<ul style="list-style-type: none"> Improved business environment in Botswana Increased share of SMMEs in economic production, exports and employment 	<ul style="list-style-type: none"> Business surveys Botswana Doing Business indicators WB (access to credit, trading across borders) Central Bureau of Statistics indicators 	<ul style="list-style-type: none"> Lack of political will to implement the programme. No major crises (such as drought, war) to counteract effects of economic liberalisation. The global economy and Botswana avoid double dip recession. Support of the programme from Government Ministries, Parastatals, Intermediary Organisations, Community Based Organisations, Development Partners and the private sector.

Expected Results overall		<ul style="list-style-type: none"> • Increase of private sector led exports in targeted sectors; increase of number of customers by supported SMMEs; number of new business linkages created • Increased access by SMMEs to financing, range of financial products offered. • Increased number of firms with quality and standards certification; number of trainings provided and attendance. • Increased satisfaction by members of IOs/TSIs/BSDSs services • PSDS coordinating structure operational and faster pace of PSDS implementation • Reduction in red tape 	<ul style="list-style-type: none"> • Annual performance reports by Government, Intermediary Organisations and the private sector. • Trade and investment statistics published by UNCTAD. • SADC and AU reports. 	
Expected Results	Result Area 1: Capacity and competitiveness of SMMEs and Community Based Organisations (CBOs) including value chains is strengthened, in a selected number of sectors.	<ul style="list-style-type: none"> • At least 100 SME's from the private sector, including women companies trained on management, operation (including on quality, standards and certification) in order to be more competitive in the local, regional and international market. • Ten value chains are identified and strengthened. • Subcontracting/outsourcing activities from the public to the private sector increased. • Greater private sector involvement in environmental protection activities. 	<ul style="list-style-type: none"> • Publications of standards association • Export statistics • Annual reports of large firms • Government reports • Media reports 	

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	Result Area 2: Service delivery of targeted Intermediary Organisations (IOs) and Business Development Service Providers (BDSPs) is enhanced.	<ul style="list-style-type: none"> • An apex private sector coordinating structure is in place and is operational and contributing to policy dialogue • Number of private firms using TSI services increased • Membership satisfaction surveys show that respondents are happy with the quality of service provided. • 	<ul style="list-style-type: none"> • Published trade statistics/bulletins • Reports by MTI and IOs • Membership survey reports 	
	Result Area 3: Business environment for enterprises is improved. (reduction of red tape and pilot on improved access to financing by SMMEs)	<ul style="list-style-type: none"> • Procedures for registration of SMMEs are made faster and less cumbersome. • Increased number of SMMEs registered for tax purposes. • Financial products targeting SMMEs introduced. • At least 30 SMME's are accessing finance. • Micro finance policy framework is established and is operational. • Trade facilitation Advisory Group is operational and effective. • There is marked improvement and real progress on the overall implementation of the PSDS. 	<ul style="list-style-type: none"> • Reports by micro-finance and other financial institutions • Reports by tax authorities. • Reports by MTI and IOs 	
Activities		Means	Budget (Euro)	
	Result Area 1: Capacity and competitiveness of SMMEs and Community Based Organisations (CBOs) including value chains is strengthened.			
	1. Conduct training workshops and provide on site mentoring and	Short term experts		

	<p>coaching to a select group of SMMEs to build expertise in key business subjects.</p> <ul style="list-style-type: none"> ➤ Development of a selection criteria for beneficiaries; ➤ Identification/selection of the beneficiaries of the programme; ➤ Capacity building needs assessment of the identified beneficiaries; ➤ Value chain analysis and development (training modules/materials); ➤ Grouped seminars, individual training; ➤ Clustering/enterprise network using sector approach; ➤ Design of the Terms of Reference and recruitment of experts; ➤ Identification of experts and development of database; ➤ Conduct training workshops and provide on site mentoring and coaching to a select group of SMMEs to build expertise in key business subjects. 	Workshops		
	<p>2. Design and implement a quality improvement programme for SMMEs. Conduct annual sensitisation workshops for manufacturers and service providers on quality standards.</p>	<p>Short term experts</p> <p>Workshops</p>		

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	3. Design and implement an export focused entrepreneurship development programme and in particular support women owned SMMEs to participate in international trade.	Short term experts Workshops Trade missions		
	4. Organise a platform to promote closer business linkages between SMMEs and large firms as well as with the government and design a programme to nurture the SMMEs.	Short term experts Workshops		
	5. Conduct awareness campaigns to promote environmental protection among SMMEs and CBOs	Short-term experts Workshops		
Total Result Area 1			937 000	

Activities		Means	Budget (Euro)	
	Result Area 2: Service delivery of targeted intermediary organisations and Business Development Service Providers is improved			
	1. Conduct a review of the mandates and capacity of private sector associations; design a programme to support the	Short term experts Workshops		

	establishment of or strengthen an apex body to coordinate the private sector in Botswana.			
	2. Establish a web-based platform (Com4Dev) to promote networking and collaboration and to inform SMMEs on services that are offered by TSIs and BDSPs.	Short term experts Workshops		
	3. Establish benchmarking learning platform centred on TSIs and BDSPs to inform management and allow information sharing and interaction.	Short term experts Workshops		
	4. Conduct a study on the participation of women in the leadership of IOs and BDSPs and develop a capacity building programme to address challenges that hinder the involvement of women in governance structures.	Short term experts Workshops		
	5. Conduct training of IOs in policy research and analysis as well as in effective lobbying and advocacy	Short term experts Workshops		
	6. Support BOCCIM in the implementation of the PSDS.	Short term experts Workshops		

Total Result Area 2			488 500	

Activities		Means	Budget (Euro)	
	Result Area 3: Business environment (reduction of red tape and pilot on accessing finance) for enterprises is enhanced.			
	1. Review the registration and tax compliance costs and procedures.	Short term experts Workshops		
	2. Develop and implement an innovative trade finance scheme for SMMEs to provide access to finance solutions, with particular attention for women and young entrepreneurs.	Short term experts Workshops		
	3. Support the establishment of a micro finance policy framework.	Short term experts Workshops		
	4. Establish trade facilitation consultative group and provide capacity building services to its members	Short term experts Workshops		
	5. A review of implementation of the Foreign Investment Advisory Service recommendations to establish areas that still need to be tackled to improve the investment environment.	Short term experts Workshops		
	6. Conduct reviews of the labour laws to identify bottlenecks and recommend labour productivity improvement strategies.	Short term experts Workshops		

	7. Conduct reviews of the import and export procedures	Short term experts Workshops		
Total Result Area 3			432 500	
ITC as implementing partner:			195 000	
<u>-Activities:</u>				
* Study to support capacity building (145,000)				
*Training workshops (25,000)				
*Missions (25,000)				
Communication/Visibility			55 000	
Contingencies			80 000	
Contribution to Boccim as implementing partner for Monitoring and Evaluation of the PSDS and PSDP.			90 000	
Support costs for the running of the project			22 000	
Grand Total			2 300 000	

ANNEX 3: EXECUTIVE SUMMARY OF THE PRIVATE SECTOR DEVELOPMENT STRATEGY (PSDS)

Background

The private sector development strategy (PSDS) is designed to provide a systematic and coherent framework to promote the development and growth of the private sector. It identifies the gains achieved thus far, the bottlenecks and interventions that will contribute towards establishing an enabling environment that will spur entrepreneurial development; attract foreign and domestic private investment while at the same time, create business opportunities. The strategy responds to the aspiration of Vision 2016 and the theme of the National Development Plan (NDP) 10, 2009-2016, currently under preparation. Vision 2016 aspires to achieve its targets through sustainable growth and a diversified economy with mining, agriculture, industry, manufacturing, services and tourism playing a leading role. The theme of NDP 10 is “*Creating the conditions for accelerated private sector growth in order to reach Vision 2016 targets*”. The government expects the private sector to lead the process for diversification of the economy, emphasising the central role of the private sector in driving future economic development and growth. The government, at the same time, recognises that the private sector needs strengthening for it to play this important role.

The PSDS was developed in a participatory process. Key stakeholders were consulted. Interviews were held with public and private sector organisations involved in private sector development. Four regional workshops were held in Gaborone, Francistown, Maun and Kasane to seek input from the business community. A strategy development retreat drawing participants from across key sectors of the economy was held to develop the vision, mission statement and strategies to guide the development and growth of the private sector.

The Vision of the Private Sector Development Strategy

The vision of the private sector in Botswana is “*A competitive and vibrant private sector driving a prosperous Botswana*”. The vision will be realised by pursuing the following strategic objectives:

- i) Promote and support the participation and visibility of the private sector in international markets
- ii) Promote effective participation of the private sector in the domestic market
- iii) Support the growth and graduation of the small and medium enterprises
- iv) Promote domestic and foreign investment for sustainable development
- v) Improve productivity in the private sector
- vi) Support rationalisation and improvement of services provided by the trade support institutions (TSIs)
- vii) Promote and support improvement of the business climate.
- viii) Ensure that the private sector recognizes and addresses other government policies; gender mainstreaming, the youth, HIV and AIDS prevention and environment protection.

Situation Analysis

A situation analysis was carried out to identify the achievements, constraints and challenges in the development of the sectors. The situation analysis was guided by the four key pillars for private sector development and growth. These are:

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

There are trade expansion opportunities for development and growth of the private sector in Botswana. These include the expansion opportunities in the regional and international markets including SACU, SADC, EU and USA, where trade agreements have been signed with Botswana. Locally, there are opportunities to invest in beneficiation and value addition operations. The government has designed various schemes that give preference to the local private sector firms to supply goods and services to the government. The public-private sector partnerships being promoted by government provide opportunities for the private sector to invest in mega government projects. There are however, challenges and constraints to trade expansion including limited market information, limited range of products, uncompetitive products, gaps in trade facilitation, inward looking private sector, inward looking policies and low value addition. Other challenges are inappropriate skills, high cost of technology and a small domestic market.

Productivity is low in Botswana when compared to other middle income countries. Inappropriate work ethics, the education system, inappropriate skills, low investment in training, lack of training incentives and schemes were identified to be the main reasons for low labour productivity.

The government has put in place a number of institutions to provide enterprises with support services in the areas of training and mentoring, product development, quality improvement, market information and financial services. While it is acknowledged that a lot of progress has been made, a few challenges and constraints were identified. These are budgetary, staff, facilities and equipment constraints; coordination among the institutions, limited access to the services especially, in the rural areas and lack of awareness.

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

The Strategy

The strategy focuses on the four priority areas and four cross-cutting issues. For each of the priority areas and cross-cutting issues, several strategies have been identified for implementation. They are summarised as follows:

Priority area 1: Trade Expansion

The strategies focus on promoting the participation and visibility of the private sector in regional and international markets, promoting participation of the private sector in the domestic market, supporting growth and graduation of the small and medium enterprises (SMEs) and promoting foreign direct investment (FDI), beneficiation and economic free zones (EFZs).

Strategies for supporting visibility in the international market are:

1. Improve availability and access to market intelligence
2. Exploit the market opportunities created through regional and international trade agreements
3. Improve quality of products and services of Botswana private sector firms
4. Improve trade facilitation
5. Improve the capacity of the private sector to take advantage of the multilateral trading system (MTS)

Strategies for promoting effective participation of the private sector in the domestic market are:

1. Strengthen public private partnerships
2. Promote citizens empowerment through excellence

Strategies for supporting the growth and graduation of small and medium enterprises are:

1. Reduce the cost of registration of small and medium enterprises
2. Establish private sector micro finance firms
3. Cluster small and medium enterprises for access to infrastructure, specialised facilities, equipment, services and utilities
4. Strengthen linkages between the small and medium enterprises and the large firms

Strategies for promoting domestic and foreign investment for sustainable development are:

1. Promote foreign direct investment
2. Implementation of economic diversification via foreign direct investment and citizen economic empowerment projects
3. Promote beneficiation
4. Support the development of economic zones

Priority area 2: Productivity

1. Invest in human resources development
2. Improve the work ethic and promote an entrepreneurial mindset
3. Improve the quality of services provided by private sector firms

Priority area 3: Trade Support Institutions

1. Rationalize the mandate of the trade support institutions
2. Establish an apex body of all sector associations
3. Improve public-private sector dialogue

Priority area 4: Business Climate

1. Complete, consolidate and sustain the gains from implementing the FIAS report recommendations
2. Set targets for company registration, work permits, licences, building plans and utilities' hook up
3. Promote efforts to combat crime
4. Strengthen capacity to prevent corruption
5. Improve infrastructure

Cross- Cutting Issues

1. Mainstream gender issues in the private sector
2. Support the implementation of the National Human Resources Development Strategy
3. Strengthen HIV/AIDS work place programs
4. Promote environmental protection

Implementation

Annual operational work plans shall be prepared by the PSDS coordination secretariat to operationalise this strategy. The annual work plans shall be prepared in consultation with the implementing partners and shall be approved by the national steering committee.

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

- i) The High Level Consultative Council (HLCC) will provide leadership in implementing this strategy.
- ii) A National Steering Committee, which will be a subcommittee of the HLCC and comprising representatives from key private sector associations and core government ministries and agencies, shall be responsible for the delivery of the strategy results.
- iii) Sector Technical Committees be constituted to support the National Steering Committee and shall provide technical support to the implementers.
- iv) An appropriate private sector organisation such as BOCCIM should become the secretariat for PSDS. It is recommended that BOCCIM be restructured to be the apex body representing the entire private sector in the country. Such new role coupled with the responsibility of coordinating the implementation of PSDS necessitates substantial upgrading of BOCCIM's capacity. For this reason an assessment of the required capacity and organisation review has been done and it is estimated that BwP 3.67 million will be required.
- v) Implementing partners shall be expected to integrate the interventions in their work programs.

ANNEX 4: EXECUTIVE SUMMARY OF THE ECONOMIC DIVERSIFICATION DRIVE (EDD) MEDIUM TO LONG TERM STRATEGY 2011-2016

1. In spite of four decades of rapid economic growth, the Botswana economy continues to be less diversified and driven by primary products of diamonds, copper/nickel and beef. In addition, the country's import bill averages P20 billion per annum over the last five years, further illustrating the symptoms of a less diversified economy. In view of this, in 2010, Government directed Ministries and their Stakeholders to intensify efforts to diversify the economy through the **EDD Short-Term Strategy** and the **EDD Medium to Long-Term Strategy**.

2. The **EDD Short-Term Strategy** is based on the use of Government interventions such as local procurement, the use of preference margins and citizen economic empowerment strategies to promote local production and consumption. It is aimed at achieving quick wins and early harvest of low hanging fruits in targeted sectors of the economy where private sector efficiency and competitiveness may be achieved quickly. The major aim of the Strategy is to diversify the economy and reduce the large import bill cited above.

3. As the EDD Short-Term Strategy interventions are not sustainable in a free market economy, Government provided for the development of the **EDD Medium to Long-Term Strategy**. The Strategy envisages diversification of the economy through the development of globally competitive enterprises that need little or no Government protection and support. Its major aim is to diversify the economy into sectors that will continue to grow long after minerals have run out. Its specific objectives are to develop globally competitive sectors; diversify exports and export markets through a vibrant and globally competitive private sector; develop goods and services that comply with local and international standards; and develop an entrepreneurship culture for business growth and enhanced citizen participation in the economy.

4. The development of the Strategy involved all Government Ministries, Independent Departments, Parastatals, the Private Sector, Labour Organisations and Civil Society. Each of these key Stakeholders was requested to identify and prioritize the core elements of their Economic Diversification initiatives that would have a "Big Bang" or "Significant Impact" on the economic diversification drive initiative and submit them for inclusion into the **EDD Medium to Long-Term Strategy Action Plan** where their performance will be tracked from a national perspective. A Workshop and a Pitso were organised in September and November 2010 respectively, where the Stakeholder contributions were shared, discussed, refined and packaged into the **EDD Medium to Long-Term Strategy Action Plan**. The Strategy envisages achievement of economic diversification through implementation of the **EDD Thematic Areas** which will be driven by a globally competitive private sector. These are as follows:

i. **Sectoral Development and Business Linkages Thematic Area** which aims to develop Botswana's priority sectors through the maximization of local content; promotion of technology transfer and innovation, the transfer of modern management know-how, development of the SMME sector and the attraction of foreign direct investment (FDI). The Thematic Area will also involve mapping value chain and supply chain processes of Botswana's priority sectors and identifying business opportunities that local companies may exploit. It will further promote business linkages between small, micro and medium enterprises (SMMEs); and between SMMEs and large local/foreign companies. It will also promote cross-border business linkages in line with the country's regional integration efforts. This Thematic Area will include the development of Botswana's priority sectors/sub-sectors, including Horticulture; Leather; Small Stock; Arts and Crafts; Glass and Glass Products; jewellery; Dairy; etc. These, together with products that have been identified for development in the import bill, will go a long way to reduce the trade imbalance for the country.

ii. **Export Development and Promotion Thematic Area** involves the development of strategies that will maximise the growth of the export sector and its contribution towards diversification of the economic and export base of Botswana.

iii. **Investment and Finance Thematic Area** focuses on making Botswana an investment destination of choice through the creation of a conducive environment for investment and provision of investment finance for the identified priority sectors. It aims to develop investment portfolios that will be spearheaded by the Private Sector to finance SMMEs and Mega Projects that will contribute significantly to Botswana's economic diversification.

iv. **Quality Control, Standards and Production Thematic Area** focuses on assisting local companies to produce goods and services that comply with accepted local and international quality standards with a view to enhancing their competitiveness. Further, the Thematic Area ensures that imported goods and services meet these standards.

v. **Technology Development, Innovation and Transfer Thematic Area** focuses on making Botswana a vibrant technology driven economy through technological development, adaptation, transfer and innovation which are core elements for competitiveness in the globalized economic environment.

vi. **Research and Development Thematic Area** spells out the strategic initiatives which will ensure that EDD business decisions are informed by need-based research studies as well as reliable economic data.

vii. **Entrepreneurship Development Thematic Area** involves the development and inculcation of entrepreneurship culture amongst locals. It also encourages citizens to learn and adopt existing and new entrepreneurship traits and skills of globally competitive successful entrepreneurs.

5. In addition to the seven EDD Thematic Areas, the Strategy covers four important areas, namely, **the EDD Strategy and Poverty Eradication Initiative, and the EDD Institutional Structure; the EDD Implementation Model and the Role of the Private Sector in the EDD Initiative**. These are summarized as follows:

i. **The EDD Strategy and Poverty Eradication Initiative** discusses how the Strategy will impact on poverty through the Sectoral Development and Business Linkages, and Export Development and Promotion Thematic Areas. The Chapter shows that the Strategy will impact on poverty eradication through employment creation and earned income; business ownership, resource ownership and skills development.

ii. **The EDD Institutional Structure** defines the key Stakeholders and their mandates in the EDD initiative. The Structure is composed of the **National Economic Diversification Council (NEDC)** which is an integrated body comprising of Government Ministries, Independent Departments, Parastatals, the Private Sector and Civil Society. Each of these entities will drive their EDD "Big Bang" initiatives defined in the Strategy Thematic Areas. The NEDC will be an intellectual architect and power-house for the EDD Strategy and will provide strategic direction and guidance to the EDD Secretariat and the **Thematic Teams**. The Council will be chaired by the Minister of Trade and Industry, with a Vice Chairperson chosen from the Private Sector. It will report (on a quarterly basis) to **Cabinet**. The **EDD Unit** will be the Secretariat for the Council and the Thematic Teams.

iii. **The Role of the Private Sector in the EDD Initiative** is defined in the EDD Private Sector Chapter. The Chapter is based on the BOCCIM EDD Concept Paper which defines BOCCIM's EDD initiatives. The initiatives include the creation of a BOCCIM EDD Unit and the development of Sector Charters which will ensure effective coordination and implementation of EDD initiatives from a Private Sector perspective. The Private Sector will be the main driver of the EDD core Thematic Areas, namely, Sectoral Development and Business Linkages, and Export Development and Promotion.

iv. **The EDD Strategy Implementation Model** defines the implementation steps for the Strategy and how the various Stakeholders will be coordinated to deliver on their respective mandates. Further, the Strategy has adopted the Balance Score Card Monitoring and Evaluation Reporting Tool to ensure effective tracking of all implementation plans as well as ensuring a timeous response to any emerging concerns and

bottlenecks. Plans are also underway to develop electronic monitoring and evaluation (e-M&E) tool to quicken the implementation processes. **This integration of the activities of the Institutional Support Service Providers on the one hand, and the Business Practitioners, on the other, highlights the importance of implementation of the Strategy from a national perspective.**

6. The Strategy will run from **2011 to 2016**, and will be reviewed during its mid-term in 2013, unless the situation dictates otherwise.

ANNEX 5: INDICATIVE BUDGET BREAKDOWN FOR ITC INTERVENTION

Form CGC14						
ANNEX : BUDGET ESTIMATES OF THE GRANT CONTRACT						
GLOBAL PRICE						
N°	TYPE OF COST	UNIT	Unit cost (Euros)	Qty	CDE	Beneficiary
1	HUMAN RESOURCES					
1.1	Contracted experts fees					
1.1.1	Experts for Value Chain Analysis and Devel	man/day	600	126	75,600.00	5,400.00
1.1.2	Expert for Market Intelligence Project Prop	man/day	600	15	9,000.00	
1.2	Cost of beneficiary company's staff allocated to the project					
1.2.1		man/day			0.00	
1.3	Cost of partner company's staff allocated to the project					
1.3.1	Local partner expert(s) (Local Enterprise Au	man/month	2750	6	16,500.00	
1.3.2		man/day			0.00	
	TOTAL 1				101,100.00	5,400.00
2	PER DIEMS AND OTHER FIXED COSTS					
2.1	Per diem for external experts					
2.1.1	Per diem for Value Chain Experts (Botswan	day	200	75	15,000.00	2,600.00
2.1.2	Per diem for Market Intelligence Expert (Bd	day	200	10	2,000.00	
2.2	Per diem for beneficiary company's staff allocated to the project					
2.2.1		day			0.00	
2.3	Per diem for partner company's staf allocated to the project					
2.3.1	Per diem for local expert(s) outside of Gab	day	70	20	1,400.00	
2.3.2		day			0.00	
2.4	Telecommunications and mail					
2.4.1		UNIT			0.00	
2.5	Office supplies and consumables and other miscellaneous cost					
2.5.1		UNIT			0.00	
	TOTAL 2				18,400.00	2,600.00
3	REIMBURSABLE COSTS					
3.1	Transport costs for external experts					
3.1.1	International transport for Value Chain Exp	Trip	1500	5	7,500.00	7,000.00
3.1.2	International transport for Market Intellige	Trip	1500	1	1,500.00	
3.1.3		Trip			0.00	
3.2	Transport costs for beneficiary's staff allocated to the project					
3.2.1		Trip			0.00	
3.3	Transport costs for partner's staff allocated to the project					
3.3.1	Local transportation (Gaborone, Francistown, Maun, Kasane, etc.)	Lumpsum	3000	1	3,000.00	
3.4	Other reimbursable costs					
3.4.1	2 workshops (2 day conference package for 30 participants (including room, catering, IT equipment, and printing))		621	2	1,242.00	
3.4.2	Please specify				0.00	
	TOTAL 3				13,242.00	7,000.00
4.	Subtotal direct eligible costs of the Assistance (1-3)				132,742.00	15,000.00
5.	Administrative costs (max 13% of 4, direct eligible costs			13%	17,256.46	0.00
6.	Total eligible costs (4+5)				149,998.46	15,000.00
EXPECTED SOURCES OF FUNDING - COST-SHARING CONTRACT						
SOURCE OF FUNDING			Amount in Euros	% of total		
Contribution from beneficiary			15,000	9		
Contribution from partner			0	0		
Contribution from other organisations (if any)			0	0		
please specify : name of organisation						
please specify : name of organisation						
CDE contribution requested (max. 67% of total cost)			149,998	91		
TOTAL			164,998	100.0		
<p>¹ The budget must cover all eligible costs of the Assistance, not just the CDE's contribution. The description of items must be sufficiently detailed and all items broken down into their main components. The number of units and unit rates must be specified for each component depending on the indications provided.</p> <p>² If staff are not working full time on the Assistance, the percentage could be indicated alongside the description of the item and reflected in the number of units (not the unite rate).</p> <p>³ Indicate the country where the per diems are incurred and the applicable rates (which must not exceed the rates of the E.C. at the time of contract signature http://ec.europa.eu/europeaid/work/procedures/index_en.htm).</p> <p>⁴ Specify. Lump sums will not be accepted. Small amounts are under the administrative costs.</p> <p>⁵ Costs of purchase or rental.</p> <p>⁶ This budget line is for all indirect costs and all small expenditures paid by the Beneficiary.</p>						

Note: This Indicative Budget is not part of the Grant Contract. To be deleted.