

Improving competitiveness of SMMEs through the Private Sector Development Programme

Value Chain Implementation
Engine of Economic
Diversification and Growth

Botswana
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Republic of Botswana



European Union

Economic empowerment

Sustainable partnerships

**Value chain analysis
and development**

**Upgrading enterprise
competitiveness**

**Access to market
and finance**

Employment creation



Emerging Opportunities through the implementation of Value Chains

The private sector in Botswana is fragmented with few linkages, business relationships and the absence of established partnerships between producers and distribution networks. There is a clear lack of enterprises to take on the leading role and stimulate greater integration towards value creation in their respective sector.

Despite the critical efforts of the Government of Botswana and key stakeholders to drive the economic diversification, the private sector struggles due to the lack of comprehensive & structured roadmaps, as well as clear and actionable strategies. The emergence of the opportunities highlighted in the value chain studies could constitute the foundation of the development of business activities and models, opening a new economic environment for private operators.

Under the framework of the Private Sector Development Programme (PSDP), value chain studies were undertaken to provide comprehensive analysis of challenges, prospects and focus areas that call for action to improve the performance of the operators and to identify the growth potential towards the economic diversification.

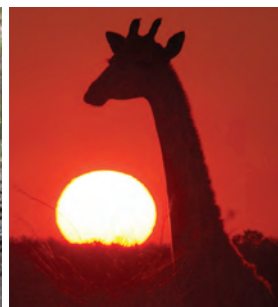
The studies provide realistic recommendations which could be implemented in the short to medium term by close collaboration amongst the public and private stakeholders. These actions include the upgrading of the quality of products and services provided throughout the value chains, increased investment for improving the performance, amelioration of distribution networks. This could generate employment creation, which remains one of the top priority of Botswana Government.

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Tourism

The tourism value chain analysis was done in collaboration with CDE-PSDP, ITC, BTO and HATAB. These stakeholders mobilized their resources to assess the present situation of the tourism sector and analyze the competitive constraints, with particular emphasis to the development of the Kasane area which has been identified as a priority for tourism development within the country.

The geographic expansion of Botswana's tourism and provision of tailored business support services is seen as a contributor to the development of the sector which is also labour intensive.

Hence the reason for selecting tourism, as a priority to stimulate economic development and play a key role in employment, the diversification of the country's economy.

Successful implementation of the elaborated action plan will require support and commitment from all stakeholders to ensure that the industry is able to provide competitive

and high quality products and services as well as ensuring skills development is done systematic. This will also help with the country mandate of diversification the economy with strong focus on job creation.

Beef

The beef value chain study is an eminently practical tool for the Government and Trade Support Organizations in developing the sector, as it proposes concrete interventions in order to unlock value. A comprehensive roadmap to capacitate value chain actors has been laid down.

Actions include, among others, strengthening communal farming, enhancing the performance of the Department of Veterinary Services, improving the sector's support network, finding coordinated solutions for Foot and Mouth Disease, and improving regional cooperation.

Successful implementation of this roadmap stands to bring tangible results in the beef sector which has been prioritized as a key area that could assist in the diversification of the economy. In addition, by outlining an efficient



Beef value chain analysis and action plan. CONTINUES...

mechanism for traceability, the roadmap also aims to diversify Botswana's export destinations with a view to capturing more value-added. The study recommends short-term actions which include pilot projects on strengthening communal farming practices, improving veterinary service delivery, including the privatization or outsourcing of some of its services and developing a brand of Botswana beef that capitalizes on the high quality of Botswana's free-range and natural farming methods, and strengthening marketing capacity at Botswana Meat Commission (BMC).

Horticulture

The Horticultural Value Chain study, identified the lack of good farming practices covering a wide range of technologies, know-how, management systems, distribution networks and financial record keeping as some of the main challenges facing the growth of the sector.

The study identifies the fluctuation in production volumes and price increases as some of the major risks impacting

sustainability in the sector.

Although principally caused by seasonal and weather fluctuations, the variations in production volumes are magnified by the lack of implementation of crop plans and coordination of production between farmers and the distribution networks.

This leads to in turn oversupply of some products and shortages of others, leading to large price variations and wastage.

The sector's strength lies mainly in the production of naturally grown Fresh Fruit & Vegetables, without the use of artificial additives which is a niche for the local, regional and international markets.

Nevertheless, there are many opportunities to improve the horticulture value chain performance starting with allocation of larger farming areas with modern irrigation techniques, appropriate production technologies and increased qualification of management and staff. This is the condition to attain competitive pricing and negotiating commercial and viable partnerships with larger

distributors, setting the backdrop for a more efficient and profitable sector that can reduce the country's current over-reliance on imports and thus improve employment creation in the sector.

Dairy

During the investigation into the Dairy sector study, one of the key areas proposed is the establishment of a National Dairy Production and Marketing Institution that would facilitate the provision of effective service of lobbying, products development, training and marketing support.

It is expected that through the improvement of these areas the benefits of dairy consumption as well as the growth of its local consumption will be realized. In addition the study provides comprehensive guidelines that can be used to better structure the dairy value chain through capacity building in research, technology and vocational training, as well as the development of a national dairy policy.

Poultry

The study on the comprehensive analysis of challenges and opportunities of the Poultry value chain recommended the development of a national poultry strategy in order to increase the demand of poultry meat products.

The action plan presents some key interventions, among them, the elaboration of practical tools in order to upgrade the capacity of poultry in the management, operations and commercial domains.

In addition, the diversification of processing beyond simple cuts; the development of smallholder poultry production; effective marketing, branding and packaging of poultry products have been identified as short to medium term interventions that would contribute to the marketability of poultry products but will also provide local producers the necessary leverage to be competitive.

This could be achieved together with the upgrading of the capacity of the Botswana Poultry Association.

Piggery

The Piggery sector study highlights immediate interventions, among them the commercialization of the primary pig segment through the establishment of breeding farms, the up-scaling of micro farms and the establishment of more slaughtering facilities.

Furthermore the study encourages the increase in commercial agreements between the farmers and commercial networks, to ensure profitability and assist with the implementation of quality system best practices.

Clearly defined actions require the mobilization of stakeholders to effectively implement it in order to facilitate investment, generate employment while building the capacities of entrepreneurs to grow their enterprises and compete in an open market economy.

Goat

The Goat sector study emphasizes the development and commercialization of the sector through various recommendations among them; The establishment of market structures; Identification of the key public and private stakeholders which will play a leading role on the upgrading of the different actors of the value chain (farmers, distributors, retailers etc).

This includes encouraging contract farming of production contracts between supermarkets and small scale farmers, as one of the ways to facilitate the commercialization of the Goat Sector.

The implementation of the action plan will impact positively on key structures of the value chain while building the capacities of institutions and human resources that support it.



Leather

The Leather sector study emphasizes pragmatic initiatives which could be implemented in short term basis. The most important outcome of the study is a defined action plan, which could be executed by the public and private stakeholders.

One of the key actions proposed is to encourage the increase in collection and recovery rates of hides/skins in Botswana, by developing a national pricing mechanism or scheme, as well as the establishment of an effective leather processing Institution and Trade Association.

The Leather sector study provides recommendations that can be considered alongside other national initiatives to ensure the sustainable long term development of the sector as a key economic contributor and agent of employment creation.



Kagiso Koyabe SME Development Expert, played a key role on the coordination of the Value chain studies ensuring strong involvement of the public and private in this process.

*The PSDP is an initiative of the Government of Botswana,
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European Union*



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